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THE CO-OPERATIVE UNION LTD.

CO-OPERATION

A Survey of the History, Principles, and Organisation of the Co-operative Movement in Great Britain and Ireland

147F949

By

F. HALL, M.A., B.Com.

(Principal of the Co-operative College, Manchester),

and

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CONTENTS.

PREFACE

PART I.

Chapter		Page
I.	Introductory: Co-operation and Co-operative Principles	11
II.	Types of Co-operative Society	16
III.	Industrial Revolution	22
IV.	Some Results of the Industrial Revolution	34
V.	The First Co-operative Theorists and Their Ideas	45
VI.	The Early Co-operative Movement	61

PART II.

VII.	Social Progress, 1840-1875	75
VIII.	The Rochdale Pioneers	82
IX.	The Christian Socialists	91
X.	Wholesale Co-operation	104
XI.	National Unity	126

PART III.

XII.	Social Conditions, 1870-1900	133
XIII.	Retail and Wholesale Societies, 1870-1900	140
XIV.	Co-operative Copartnership	152
XV.	The Co-operative Union	159
XVI.	Co-operative Education: The Women's Guilds	165
XVII.	Agricultural Co-operation	184

PART IV.

XVIII.	Social Conditions, 1901-1933	193
XIX.	Industrial and Commercial Progress of the Movement since 1900	202
XX.	The Labour Problem	215
XXI.	The Development of the Co-operative Union	224
XXII.	Propaganda and Educational Organisation from 1900	237
XXIII.	International Co-operation	

PART V.

Chapter		Page
XXIV.	—Co-operative Problems and Policy	261
XXV.	—The Store: Administration	267
XXVI.	—The Store: Management and Business Organisation	277
XXVII.	—The Federations	286
XXVIII.	—Producer and Consumer	306
XXIX.	—Co-operative Education, Propaganda and Publications	320

PART VI.

XXX.	—The Social Question	335
XXXI.	—Co-operation and Organised Labour	342
XXXII.	—Co-operation and Capitalism	352
XXXIII.	—Conclusion	361

APPENDICES.

I.	—Extracts from Report of the First Co-operative Congress	365
II.	—The Rochdale Pioneers and Their Wholesale Department	371
III.	—The Establishment of a Wholesale. By Abraham Greenwood	374
IV.	—Some Educational Developments, 1886-1900	382
V.	—Principal Provisions of Industrial and Provident Societies Acts	387
VI.	—The Balance Sheet	390

INDEX.

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OUT OF PRINT

PREFACE.

IT is now some years since the first edition of *Industrial Co-operation*, the text-book for students taking the Co-operative Union's courses in Co-operation, was first published. It has passed through many editions and served its purpose admirably. But many changes have occurred since it was first planned; and a satisfactory revision to meet present-day needs would have necessitated such a reconstruction of the basic plan as to make it a new book. The Educational Executive of the Union deemed it better to undertake the preparation of a new book rather than attempt a reconstruction of the old one; and the present volume is the result.

During the interval since *Industrial Co-operation* was written, the number of students in Co-operative Union classes has increased enormously, and many of them take the course in Co-operation. But there has been an increase, also, in the number of students in other classes whose course of study requires them to have a knowledge of the Co-operative Movement. It is with the needs of all such students in mind that this book has been prepared; but it should be found useful, also, by the large number of thoughtful citizens who desire a knowledge of a Movement which is playing a growing and important part in the social and economic life of the country.

The authors have covered a much wider field than was possible or necessary when *Industrial Co-operation* was written. The natural and continuous growth of the Movement has led it into many fields that had not been entered when that book was published. The Movement's own structure and problems have changed; co-operative political action has become a feature of the Movement's activities; and the International Co-operative Movement has become more widely recognised as a necessity for the realisation of the Movement's aims. In addition, the Movement's relationships to kindred movements, such as the Trade Union Movement and to the State have undergone a change as a result of its own growth and activities, and of changes in the activities of those organisations. The time was ripe for a restatement of the objects, functions, and activities of the Movement; and this restatement the authors have attempted.

The authors' task has been made easier by the publication during recent years of a number of books dealing with special co-operative subjects and special phases of the Movement's activities, for their publication has rendered it unnecessary for the authors to deal at length with some aspects of their subject. A Co-operative bibliography is available and along with the catalogue of the Publications Department of the Co-operative Union will be found useful by students and teachers of classes in Co-operation.

F.H.
W.P.W.

CONTENTS.

PREFACE

PART I.

Chapter		Page
I.	Introductory: Co-operation and Co-operative Principles	11
II.	Types of Co-operative Society	16
III.	Industrial Revolution	22
IV.	Some Results of the Industrial Revolution	34
V.	The First Co-operative Theorists and Their Ideas	45
VI.	The Early Co-operative Movement	61

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XI.	National Unity	126

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XV.	The Co-operative Union	159
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XVII.	Agricultural Co-operation	184

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XIX.	Industrial and Commercial Progress of the Movement since 1900	202
XX.	The Labour Problem	215
XXI.	The Development of the Co-operative Union	224
XXII.	Propaganda and Educational Organisation from 1900	237
XXIII.	International Co-operation	

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Chapter		Page
XXIV.	—Co-operative Problems and Policy	261
XXV.	—The Store: Administration	267
XXVI.	—The Store: Management and Business Organisation	277
XXVII.	—The Federations	286
XXVIII.	—Producer and Consumer	306
XXIX.	—Co-operative Education, Propaganda and Publications	320

PART VI.

XXX.	—The Social Question	335
XXXI.	—Co-operation and Organised Labour	342
XXXII.	—Co-operation and Capitalism	352
XXXIII.	—Conclusion	361

APPENDICES.

I.	—Extracts from Report of the First Co-operative Congress	365
II.	—The Rochdale Pioneers and Their Wholesale Department	371
III.	—The Establishment of a Wholesale. By Abraham Greenwood	374
IV.	—Some Educational Developments, 1886-1900	382
V.	—Principal Provisions of Industrial and Provident Societies Acts	387
VI.	—The Balance Sheet	390

INDEX.

PART I.

CHAPTER I.

INTRODUCTORY.

CO-OPERATION AND CO-OPERATIVE PRINCIPLES.

Co-operation, the joint working of two or more persons, is as old as human society. Social progress has depended upon it; and modern civilisation could not continue without it. Exchange—which implies at least two co-operating units—has made it possible for the diversified resources of the world, and the knowledge and inventions of men of ideas, to be placed at the disposal of mankind in general. Nothing has contributed more to the economic and social well-being of the human race than the practice of co-operation. An increase of the area in which co-operation is practised increases this well-being; and an interruption of this co-operation as, *e.g.*, by a war, causes losses that are felt long after the interruption has ceased.

Some Benefits of Co-operative Effort.

When a man lives to himself and for himself alone, he must do everything for himself; build his own shelter, make his own clothing, raise his own food. How dreary life would be for us to-day if each person had to provide all these things for himself; what a fall there would be in the standard of living for those who managed to survive! Living in association, men can adopt that specialisation of labour, described by economists as division of labour, which enables each of them to devote his time and energy to one job (thus avoiding the waste of time in changing jobs), usually one for which he has special fitness, to become more expert in consequence of his doing it continuously, and performing it with greater economy of capital than would be possible if all persons were doing the job for themselves. This economy and the increase in the total produce made possible by the specialisation of labour and exchange of products enables them all to enjoy a higher standard of living than would otherwise be possible. Since exchange depends upon the co-operation of the exchangers we may say that it is co-operation which enables the community to gain the advantages of specialisation of labour.

Similarly, the resources of the earth and other gifts of Nature which abound in some parts of the world and are scarce in others, become distributed in the form of material goods to all parts of the world through the specialisation of labour and the practice of co-operation in exchange. Also many tasks in the world to-day cannot be performed

by one man. The weight to be lifted may be too heavy for one man to lift, or the task for other reasons requires a team of men who must co-operate to accomplish it. Thus many of the simple tasks of everyday domestic and business life, as well as many of the greatest marvels produced through the ages are, and have been, dependent upon the practice of co-operation.

In the sphere of consumption, as well as in the sphere of production, co-operation secures many advantages. Modern municipalities provide several examples of them. Co-operation in providing public libraries enables thousands of reading citizens to enjoy a range of books which they could never individually possess; municipal art galleries enable them to enjoy pictures otherwise beyond their reach; public parks, bowling greens, and tennis courts enable them to secure amenities they would not otherwise be able to enjoy; whilst publicly provided educational facilities make it possible for the poorest members of the community to secure an education rich in quantity and variety beyond that available to the wealthiest person depending upon himself; and the list of advantages might be continued. Governing bodies, such as municipal councils, are constantly being pressed by the citizens they represent to extend these services which are provided by the co-operation of consumers.

The advantages derived from co-operating are so great and so obvious, that thousands of organisations and groups based upon voluntary co-operation have come into existence. These organisations and groups provide a medium through which a number of persons who have a common interest may pursue that interest or attain some purpose which they cherish in common, objects which they could not attain, or attain so easily or so effectively, without the co-operation of like-minded persons. Among such organisations, to mention only a few as typical, are scientific and educational societies of various types which have contributed to the enlargement of our world of knowledge; churches which have met religious needs of their members; friendly societies which have provided for their members in times of sickness and distress; sports and recreation clubs which have enabled their members to enjoy their leisure more fully; and trade unions which have made possible the collective action of their members in securing an improvement of their economic position as wage earners.

The list might be continued indefinitely, but there is no need to continue it, for these voluntary associations abound; and there is scarcely a citizen, certainly not an active citizen, who is not a member of at least one voluntary organisation, religious, recreational, political, educational, or other type. Modern society is very largely held together by these voluntary organisations, which widen life's opportunities and increase the satisfactions of their members. Without them the life of the individual citizen would be narrower and poorer, and it is co-operation which alone makes their success possible. But membership of a voluntary co-operative organisation, besides securing

opportunities, imposes obligations. Members must co-operate in, and work for, their organisation if it is to succeed, and the practice of co-operation developed in such bodies has been a powerful factor in fitting the people of Britain for their civic responsibilities in local and national government. Without this experience of, and training in, the co-operation practised in these voluntary organisations, democratic government in Britain could not have succeeded as well as it has done.

Conscious and Unconscious Co-operation.

The co-operation practised in these voluntary bodies is largely conscious co-operation, and their activities are controlled by the co-operating members. In the world in general, whilst Co-operation is the rule, at any rate so far as the production of goods and services is concerned, the co-operation is largely unconscious. Let us think, for example, of a cup of tea which we can buy in a restaurant for, say 3d. How many persons have co-operated to make it possible for that cup of tea to be available at the customer's call at what must be considered a very reasonable price when the number of these persons is remembered? Somewhere in, say, India, native labourers have prepared the ground, with the co-operation of supervisors, and have transplanted the young trees; they have pruned them and plucked the leaves; other labourers have dried and prepared the tea; others have packed the tea in metal-lined boxes prepared by other hands, perhaps assisted by machinery operated by still other hands. Transporters have carried the tea to the railway, built by the co-operation of hundreds of other workers; in wagons built by the co-operation of scores of different craftsmen; and railway operators have co-operated to carry the tea to the port, where groups of dock labourers have co-operated to load the tea into a ship built by the co-operation of perhaps a thousand hands, operated by a score or more of engineers and other grades of workers across the sea to England, where again the co-operation of hundreds of workers has been necessary to unload, record, sell, and transport the spoonful of tea from which the cup of tea was made in the restaurant. It is a marvellous chain of co-operation which has made it possible for the consumer to enjoy his cup of tea; but the co-operating units have not known one another; they have not usually been conscious that they were engaged in a co-operative process; and the process has not been undertaken by, or in the interests of, all the co-operating units. The co-operation has been largely unconscious co-operation.

The production of wealth, by which we mean here the making of all material goods and the provision of all services required by consumers, is itself a co-operative process. Land, from which all wealth springs in the form of raw materials; Labour, by which we mean man's efforts applied in the production of wealth; Capital, by which we mean those forms of wealth that are looked upon as instruments of production; and the *entrepreneur*, or organiser, who is responsible for bringing together Land (or its produce), Labour, and Capital and directing

relationship before wealth in these days can be produced. But these four separate factors are not usually owned or provided by one person or the same group of persons; and although co-operation prevails in the processes of production, the owners or providers of these factors of production fight fiercely over the division of the wealth produced. The landlord strives to obtain as much as he can in the form of rent; the worker tries to obtain as much as he can in the form of wages; the provider of capital seeks to obtain what he can as interest; and the *entrepreneur*, or organiser, seeks to pay them all as little as he can out of the proceeds of his sale of the wealth thus produced, for what is left he claims for himself as his share—the organisers' surplus or profit.

In the unconscious co-operation which prevails in modern industry the organiser is the great director. He allocates to each unit or group of units a task; he takes from them the product at one stage of preparation and sells it to another organiser who controls another group of co-operating units, or he passes the commodity forward to another group of co-operating units working under his own direction. In this way the commodity passes from the group extracting the raw material until it reaches the final customer in its finished state. At each stage utility is being added to the product, principally by labour; and over the sharing-out of the value of this added utility, differences are constantly arising resulting in lockouts and strikes most frequently, but also in less publicly-noticed differences between the landlord and capitalist and organiser. Such disputes frequently cause production to be suspended, with inevitable loss to the community; whilst the lack of co-ordination between the successive operations in producing the finished commodity and between producers and consumers, as well as the deliberate manipulation of supplies for the purpose of increasing profits, causes shortage of supplies and price variations, which are detrimental to the interests of consumers, and short-time working and unemployment which are detrimental to most of the same people as wage earners.

Making Co-operation a Conscious Activity.

It is not surprising that these evils, resulting from the present predominant method of organising industry and commerce, should have led to the formulation of proposals for avoiding them, and that one of these proposals should be based upon those principles of Co-operation which have been found so beneficial in so many other spheres of social activity. At the end of the eighteenth century, and more particularly early in the nineteenth century, when the separation of the ownership of Land, Capital, and Labour power became more marked as a result of the Industrial Revolution, many co-operative experiments were launched in industry and trade as related in a later chapter. Many of them failed, but others replaced them and still others were undertaken, until to-day there is not a developed country that has not hundreds of co-operative societies within its borders.

Co-operative societies derive their name from the fact that Co-operation, which we have seen is a *method* prevalent in all productive industry and in the distribution of commodities, is adopted by the societies as a *principle*. It is the basis of the association of the members of the society; the actions of members of the society and of the society itself are judged by their being in, or out of, harmony with the principle of Co-operation; the attempt is made to secure that full and conscious co-operation of all members which is implied by their having joined the society; and the success of a co-operative society depends very largely upon the extent to which this full and conscious co-operation of its members is secured. A joint-stock company is an association of persons who have contributed capital to it as have the members of a co-operative society to their society. But the extent to which the shareholders of a company co-operate and work together for the success of their undertaking is very different from the extent to which the members of a co-operative society co-operate and work together for the success of their society. Much of the success of co-operative societies is, indeed, due to the fact that they do succeed in enlisting the whole-hearted co-operation of their members.

It is, therefore, not a difference in regard to the laws in accordance with which they are registered which marks off a co-operative society from a joint-stock company or a partnership; it is not the difference in regard to the limitation of share interest, the payment of dividend, the withdrawability of capital, or the according of voting power that vitally distinguishes a co-operative society from other trading organisations. The last named are merely methods adopted by certain types of society to secure greater equity of treatment among the members of the societies; what makes an undertaking co-operative is the deliberate elevation of Co-operation to the status of a principle of organisation to be fostered and employed for the purpose of realising those objects for the attaining of which the undertaking has been called into being.

Most co-operative societies have been born out of the economic needs of their founders; they continue because they still cater for these needs of their present members; but if economic pressure and economic idealism have been responsible for the birth, growth, and present life of co-operative societies, it must not be assumed that their objects are solely economic ones. Most of them have social objects as well, *i.e.*, they are seeking to change the form of human society or alter some of the basic principles operative in that society; and some co-operative societies are established solely for educational or cultural purposes. Economic purposes are so prominent because economic needs have been and remain so pressing; and because the satisfaction of these needs is for many people a necessary antecedent to the satisfaction of higher aims and desires. It is, nevertheless, true that in their economic activities also, co-operators strive to realise ideals and practise equitable methods which are only possible in a co-operative association. What these ideals and methods have been, and are, is described in later chapters

CHAPTER II.

TYPES OF CO-OPERATIVE SOCIETY.

Distributed all over the world are many thousand co-operative societies. These societies are, naturally, designed to meet the needs of their members; and as these needs vary with the nature of the industries and the social conditions of the country in which the societies have been established, the societies vary in purpose and in the methods they adopt for realising them. But minor differences being brushed aside the societies may be classified in many ways. They may be classified according to their purpose, *e.g.*, the predominant type of society in Britain is that which distributes goods required to meet household and personal needs; whilst in Denmark and some other countries co-operative dairy societies and egg and poultry societies are very important; on the American continent co-operative organisations for the sale of fruit and cereals are large and important; in France there are many societies of craftsmen organising workshops; and in India co-operative credit associations are numerous. This variety of type revealing differences of purpose might, indeed, be added to very considerably, and a complete list would be a very long one.

A broad and not too sharply drawn line may be employed to divide societies into two principal classes: Consumers' Societies and Producers' Societies. In Britain, particularly, a third type of society, partly a consumers' and partly a producers' organisation is to be found, and is usually described as a Co-operative Co-partnership Society.

Consumers' Co-operative Societies.

A consumers' society—as its name implies—is one which has been organised and is controlled by consumers for the purpose of supplying their needs as consumers. Societies of this type are most numerous and strongest in industrial countries like Britain, Germany, France, and Belgium; but they also exist in agricultural countries like Denmark, and they are very numerous in Russia. They are the predominant type in Britain, and scarcely a town, and now scarcely a village in England, Scotland, and Wales, but has a finely-equipped central shop or a branch of a consumers' co-operative society. Such a local society is often technically described as a retail distributive co-operative society, because it is engaged in distributing food and clothing by means of retail trade to its members. But societies of this type do not confine themselves to retail distribution: some consumers' societies are engaged in wholesale trade; and both wholesale and retail societies owned by consumers engage also in various forms of production. Many retail societies have finely-equipped modern bakeries, and many of them engage in tailoring and other productive industries; the wholesale societies engage in a

wide range of extractive and manufacturing industries; but these productive operations, like those of distribution, are undertaken by consumers to supply their own needs.

In the British Isles there are at present about 1,200 local consumers' societies,, varying in size from a handful of members to over half a million members. There are, however, many purposes which these local societies as individual societies can not achieve, or at any rate can not achieve as economically as they can by acting together as one unit. It would not be economical, for example, for each society to send a buyer to Greece to purchase fruit direct in the country where it is grown; but a national federation can do so on behalf of all the local consumers' societies. It would not be economical for each society to make the soap required by its members, but a national federation can do so for the members of all the societies. It is not surprising, therefore, that when a number of local consumers' societies had been established, they felt the need of a national federation which could undertake on their behalf the larger purchasing operations, particularly overseas operations, and productive operations which no one local society could undertake economically. These circumstances led to the establishment in Great Britain of the Co-operative Wholesale Society Limited, and the Scottish Co-operative Wholesale Society Limited. Such societies, as explained in a later chapter, engage in the import and wholesale trades and in productive enterprises—even to the extent of themselves federating in the English and Scottish Joint Co-operative Wholesale Society Limited and the Co-operative Insurance Society Limited—for the purposes of providing goods and services on behalf of local consumers' societies and their individual members. These federations are also consumers' societies. The local consumers' societies control them, and as the local consumers' societies are owned and controlled by their consumer members; these individual consumer members of local societies are the ultimate owners and controllers of the wholesale societies and their federations, whose operations are conducted in their interests.

In addition to their membership of the appropriate national wholesale society, retail distributive societies, *i.e.*, local consumers' societies, frequently federate in a district federation for some trading or productive purpose which is more economically pursued on a large scale than on a small scale. The advantages of district federations have brought into existence, for example, a number of federal bakeries, federal laundries, and federal dairies; and these district federations being organised by consumers' societies to serve the interests of consumers are likewise consumers' societies, and are not producers' societies even though most of them engage in production. There are, of course, other types of societies that are consumers' societies in addition to those supplying household necessities, *e.g.*, some estates and the houses upon them are co-operatively owned by the tenants living upon the

Producers' Co-operative Societies.

A producers' organisation is one in which the members are associated because they are producers and have formed their society to further their interests as producers. A group of craftsmen forming a society to establish a workshop in which they are engaged as workmen is a typical producers' society. Such societies are numerous in France, but there are only a few in Britain; the Walsall Locks and Cart Gear Society being perhaps the best example. In some countries there are societies of producers who are co-operatively organised to render services rather than produce goods, *e.g.*, societies of taxi-cab drivers, and others which undertake constructive work, *e.g.*, societies of road and railway builders in Italy.

The largest number of co-operating producers are to be found, however, as members of societies engaged (1) in industries such as butter making, which work up some raw material or commodity which the members have produced in their individual capacity as capitalistic producers, or (2) in rendering services such as those performed by banks and insurance societies, or (3) in buying requisites required by their members as producers, or selling the produce they have raised as individual producers, or which has been produced by a co-operative organisation of producers. Societies of the types indicated under (2) and (3) provide examples showing how difficult it is to draw a sharp dividing line between producers' and consumers' societies, for whilst the societies are established by producers to serve their interests as such, the producers' relationship to the societies is one of consumers of the services which these societies provide.

Co-operative Co-partnership Productive Societies.

In Britain a third type of society, the Co-operative Co-partnership Productive Society exists. It includes in its membership in varying proportions from society to society, workers in the society, other individuals who are willing to provide share capital and other co-operative societies, almost all of which are local consumers' societies. In admitting workers to membership these societies do not differ from local consumers' societies, but the worker membership is given different emphasis in a co-partnership society. Indeed, such a society is considered not to justify its name unless all the workers are given three rights: first, to become a member, which carries with it the second right, viz., to become a shareholder and therefore participate in the control and trading surplus as a joint owner, and third, a right to share in the surplus as a worker, whether a shareholder or not, a right which is usually met by apportioning a percentage of the surplus, as set forth in the rules, as a bonus on wages. Frequently the right of membership has linked with it in the rules a provision for the workers to appoint a certain number of members of the committee of management or for a certain number of seats to be reserved for employees which gives the workers a very direct share in the management of the business. The "rights" of the different sections of membership in a co-partnership society differ

in regard to participation in the trading surplus, and they vary from society to society, as also do their respective shares in the control of the society; but the principles here explained are operative in some degree in all the true co-partnership societies.

The workers in a consumers' society have likewise, as a rule, the right to become members of the society with the full rights of membership in regard to voting; but only in a few societies is an employee given the right to be elected a member of the management committee. In a small number of societies a limited number of employees may be elected to the committee: sometimes in these societies one or two seats are reserved for employees, whilst in the others the employees take their chance with other members of the society of being elected to the committee. In the majority of the consumers' societies the employees are debarred by rule from being appointed to the committee, though there has been a tendency since the Great War for this rule to be relaxed in favour of the employees. The organisation of the co-operative co-partnership societies is explained in a later chapter; but it may be well to point out here that the difference between the position of the workers in the control and management of such a society and in a consumers' society arises principally from the fact that the two types of society vary in several respects. A co-operative co-partnership society usually owes its origin to the initiative of a group of workers who have invited consumers' societies and, perhaps, some other individuals to join them. The society has a limited object, *e.g.*, the making of one article, such as boots or clothing; and it does not invite a constantly increasing number of members to join as does a consumers' society, for once it has acquired the necessary capital to build and equip its factory and provide its working capital generally, it does not require additional members and capital except as its trading activities increase. As a rule this increase is comparatively slow, and the needs of the society for further capital can be met by the existing members and the additional workers engaged to cope with the increased trade. In a co-operative co-partnership society, therefore, the worker members constitute a larger proportion of the total membership than do the employee members of a consumers' society, and they are usually all engaged in the one factory and not distributed among the branches and productive departments as are the employees in a consumers' society, and they are, therefore, in close touch with the whole of the business of the society.

Co-partnership must be distinguished from profit sharing. Co-partnership implies the right of the workers to become partners—co-owners and joint controllers—which carries with it a right to share in the surplus or profits; but workers may become entitled under the terms of a profit-sharing scheme to share in the profits of a private firm or the surplus of a co-operative society without acquiring the full rights or any rights as a co-partner. In a few local consumers' co-operative societies a portion of the surplus is allocated to the employees, usually at the same rate per £ upon wages as the dividend paid to the members upon their purchases; and these employees have the same

right as other persons to become members of the society employing them. It might be urged, therefore, that, in one sense, such societies are, technically, co-operative co-partnership societies; but they are not recognised as such, and they differ from the co-operative co-partnership societies by reason of the fact that the employees form a much smaller portion of the membership than employees do in a co-partnership productive society, they have not usually the same rights, *e.g.*, in appointment to committee of management, and in a consumers' society the control is naturally assigned to the members as consumers not as producers.

Legislation for Co-operative Societies.

In Great Britain no partnership can exist at law with more than 20 members (10 members if the business is that of banking) without registration. In a developed business community like that of Britain it is, therefore, not surprising that a variety of laws has evolved to meet the needs of the different types of business organisation that have grown up. Company laws represent one form of legislation which groups of persons engaging in a business may follow in registering their association; but the Acts of Parliament under which co-operative societies in Britain are registered almost without exception are the Industrial and Provident Societies Acts. These special Acts date from 1852, but they have been frequently amended, and the major Acts governing societies to-day are the Industrial and Provident Societies Acts of 1893 and 1913. These Acts, which govern both consumers' co-operative societies and producers' co-operative societies, are more suitable for the operations of co-operative societies—the legislation was, indeed, introduced to meet their needs—than are the Acts relating to companies; but the provisions of the Industrial and Provident Societies Acts need not detain us here as most of the principal ones are explained in later chapters of this book.

Pecufiarities of Different Types of Societies.

Whilst the principle of Co-operation is the same in both consumers' and producers' societies, the types vary in several important respects not yet noticed. The principal differences already noticed are in the nature of the membership and control, but other differences arise from these facts. In the consumers' organisations the members themselves provide the market for the goods they sell, and every additional member means additional trade, but the producers' organisations sell to persons other than members. Selling goods to themselves, the consumers' societies cannot make a profit in the commercial sense: all they do is to buy goods at wholesale prices (or make goods for themselves) for distribution among themselves at the wholesale price plus the expenses of retail distribution. Their operations may be truthfully described as "trade and production for use" and not "production for profit." It is true that the common practice of consumers' societies is to sell at current local prices, and to return to the members as dividend the

difference between the selling price on the one side and the cost price plus expenses on the other; but this is merely a trading device which is not essential for the realisation of the advantages of the co-operation of the members. Producers' societies, on the other hand, are nearer to the private capitalist organisation which enters an industry for the sake of making a profit; but there are important differences. Whilst producers' organisations sell principally to non-members and obtain the best price they can for their produce thus realising a varying rate and amount of surplus, or profit, from year to year, this surplus is not usually distributed in proportion to the capital holdings of the members as it is in a company, but in proportion to the wages earned or to the use made of the society by the individual members, and the members are held together by the co-operative principle and practice which they have adopted for the realisation of their object. In a co-operative dairy society, for example, the surplus at the end of the year, after providing for interest at a fixed rate upon capital, for reserve funds and similar funds, will be allocated in proportion to the amount of milk which each farmer has brought to the dairy; and this practice links the farmer more firmly to his co-operative society than if the surplus were distributed in proportion to the amount of share capital invested by the members. In a craftsmen's producers' co-operative society the surplus, after providing for interest upon capital and making provision for reserve funds is distributed, as a rule, in proportion to the wages received by the various worker-members.

This principle of equity, followed in the distribution of the surplus in both consumers' and producers' societies, is followed usually in regard to the control of the society. In local consumers' societies the rule of one member one vote prevails; in their federations the voting is usually in proportion to the membership of the constituent societies or in proportion to the purchases of the member societies from their federation. In producers' societies, also, the practice is for one member to have one vote, or for the voting to be on a basis which allows, roughly, for votes to be exercised in proportion to the use which individual members make, or are likely to make, of their society.

Capital is generally remunerated in both consumers' and producers' societies at a fixed rate, so that the balance of the surplus may be available for distribution according to the support which the members, individually, have given to their society. The differences in methods between co-operative societies of different types are only modifications to suit the different circumstances of different types of society. These differences will be more fully described in later chapters, all we need notice at this stage is that the different methods do not in any way interfere with, but rather assist, the application of the co-operative principle in the respective types of society, for being based upon the members' conception of equity they create a favourable atmosphere for the co-operation of the members.

CHAPTER III.

THE INDUSTRIAL REVOLUTION.

During the ages, Co-operation has been applied in many institutions, of which the merchant and craft guilds are examples known to all students of Industrial History ; but it was not until about the end of the eighteenth century that institutions that may be considered the forerunners of the modern co-operative society were established. From the experiments made more than a hundred years ago and continued for half a century, with their records of success and failure, the present-day co-operative society has drawn its guiding principles in trade and organisation. The establishment of these early experiments and of charitable schemes for bulk purchasing on behalf of poor consumers was due to the economic conditions created by that series of changes in agricultural, industrial, and social conditions which have been collectively described by historians as the Industrial Revolution.

It is not easy to say with precision when any change begins in the life of a nation. Changes are usually the expression of causes that have been gathering strength for an unknown period prior to the changes being noticed. Nevertheless, it is sometimes necessary, and more often desirable, to fix dates when changes took place, even if the dates are only approximately correct. With these limitations we can say that the Industrial Revolution in Britain—which was the first country to experience such a revolution—began about the middle of the eighteenth century. Most of the precipitating causes of the changes, which made Britain the workshop of the world, had been introduced by 1820 ; but a number of important causes, *e.g.*, the application of steam power to railroad and steamship transport, which exercised a tremendous influence upon agricultural, industrial, and social development, were introduced after 1820 ; and the changes due to the inventions and structural alterations in agriculture and industry were by no means fully worked out by this date. It would, indeed, be true to say that the process of change which commenced about the middle of the eighteenth century has been continued up to the present day ; sometimes changes have proceeded rapidly, sometimes more slowly, but there has been no break in the continuity.

What causes the Industrial Revolution to be singled out for special notice is that the inventions and alterations in the organisation of agriculture and industry which went to make the Industrial Revolution, came in such rapid succession, caused such a break from the agricultural, industrial, and social conditions which previously existed and were so far-reaching in their results as to mark the beginning of a new era in British history. What has happened since the end of the Industrial Revolution period has been a *continuation and development of the* changes commenced during that period. The Industrial Revolution not only made Britain for many years the workshop of the world, but

it created the factory system as we know it to-day; it created modern industry and those industrial, political, and social conditions which not only caused the hundred years following the Revolution to be a century of great social reforms, but laid the foundation of the social and economic problems with which reformers to-day are contending. Such a period and the changes occurring during it are obviously worthy of the study of all social reformers and of students of the social movements which sprang out of them.

Revolution in Ideas.

Some social changes appear to take place slowly, others suddenly; but all of them depend for their permanence upon the willingness of the community to accept them. In other words, they depend upon the attitude of mind of the persons concerned, upon a change in people's ideas.

The agricultural, industrial, and social changes of the Industrial Revolution period, likewise, were conditioned by a change in ideas, without which they could not have been effected. Two centuries earlier, for example, the Weavers' Act (1555) prevented the development of a factory system which was a feature of the Industrial Revolution changes, whilst other earlier legislation prevented the movement of labour from one occupation to another, limited its movement from one district to another, and hampered to the point of preventing the rise of poor people to high positions in the social scale. This freedom of movement from occupation to occupation, from district to district, and from class to class was essential to the success of the Industrial Revolution. A change in ideas on these points and on others was, therefore, perhaps the most important condition which made the Industrial Revolution possible. It is true that all the changes were not universally accepted. Attempts were made on several occasions, for example, to destroy the machinery which was apparently the cause of the distress experienced by many workers during the period of change; and Kay, the inventor of the fly-shuttle which doubled the weavers' output and temporarily reduced the demand for weavers, was looked upon as an enemy of the workers, and had to flee the country. He was ultimately buried in an unknown pauper's grave in France. But such opposition was sporadic and confined to a relatively small number of persons compared with those who accepted the changes. As the writings of Adam Smith and the Utilitarians, with their advocacy of individual freedom and competition became more widely known, they accelerated that revolution in ideas which favoured the revolutions in agriculture, industry, and commerce.

Agricultural Revolution.

Although one or two inventions in industry took place before 1750, the first changes to be noticed in the Industrial Revolution period are those in agriculture. They occurred in many phases of agricultural

activity; in land ownership; in the system of cultivation; in the type of crops raised; in the preparation and working of the land itself; in the stock raised on the land; and in the machinery and implements employed in agriculture.

The manorial system in its fullest sense, and the common field system associated with it, had been breaking down for two or three centuries before the Industrial Revolution commenced. Tenants who owned a little land, and tenants paying money rents, had for various reasons been increasing in number at the expense of tenants rendering service in return for the right to use their strips in the common field; but "Over a large part of the country, rural society at the beginning of the century (*i.e.*, the eighteenth century) still kept the foundation of the old peasant country. The common field was still the chief feature, the peasants still cultivated their strips in that field as owners or tenants. These peasants, and also the cottagers who neither owned nor rented strips, had rights of pasture on the common waste. The manor courts survived. There were still pinders who looked after the pound, chimney peepers who looked after the chimneys, viewers and shepherds who looked after the arrangements for the use of the waste. The man who lived partly by working for himself and partly by working for others was still a common figure. The needs of agriculture demanded reform if the soil was to be made more productive. . . . Agriculture was standing still."*

New ideas were applied by some of the landlords of the large estates during the eighteenth century, and the success attending their efforts became known and discussed by agriculturalists, so that leaders of the agricultural industry came to look for improvements to large landlords operating on large estates free from the customary methods that were still being followed over the country as a whole by peasant cultivators. The spreading of this idea gave a stimulus to the enclosure movement which marked the end of subsistence farming and the establishment of farming for profit as the universal system in Britain.

† "In 1760 one-third of the cultivated land was still being farmed in open fields, but by 1830 the open field system was extinct. . . . Between 1710 and 1760 nearly 350,000 acres, and between 1760 and 1843 nearly 7,000,000 acres of land were enclosed. Some of this land was common and waste land, but a large proportion was land previously under common field cultivation."† Such a change could hardly have taken place if it had not been economic, and contemporary writers have provided data showing that even in the early days of the change the crop yields on enclosed land were distinctly better than in the open fields. The transition was the death blow to the small cultivator, and it established farms worked by wage-paid labour. Until a general Act regarding enclosures was passed simplifying the procedure, a special Act of Parliament had to be passed for each enclosure where

* "The Rise of Modern Industry," J. L. and B. Hammond, pp. 84 and 85.

local agreement had not been obtained; and the tenants affected had the right to object, but they were poor and uneducated, and could not engage the legal assistance to state their case or protect their interests when their rights were being considered; and they were not represented in Parliament. Hence, the majority of the enclosures were effected without the interests of the peasants being protected; and even if the peasants were compensated they were usually given a plot of land which they could not fence and work because they lacked the necessary capital. The establishment of larger areas for cultivation by means of enclosures naturally called for large amounts of capital, and these were possessed only by a limited number of persons—the landlords and those who had made money in trade. The general result of the enclosures was that large numbers of small cultivators were driven off the land and flocked to the towns where the new industries were finding employment for additional workers.

On the new estates created by the enclosures the proprietors were able to make experiments and give a trial to new ideas. The improvements they effected spread at first slowly and then more rapidly until their methods became general. Some improvements had been effected before 1700, chiefly the introduction of new crops, *e.g.*, hops were introduced in the sixteenth century, and turnips and clover in the seventeenth century; but the crops of these foods were much increased in the eighteenth century and new ones were added, *e.g.*, mangel wurzel introduced (1780-85) by Parkyns, and the swede turnip at the end of the century. Jethro Tull (1674-1741) introduced the drill for clover and developed it for turnips and corn; and his book, "Horse-hoeing Husbandry" (1733), is claimed by one writer to have "revolutionised British agriculture though . . . it took a long time to do so," and the same writer says: "It is no exaggeration to say that agriculture owes more to Tull than to any other man," Tull recognised the value of pulverising the soil, whilst drilling (Tull invented his drill about 1701) led to a more even and more economical distribution of the seed and more economical working of the crop, so that Tull claimed "that the expense of a drilled crop of wheat was one-ninth of that sown in the old way." Lord Townshend (1674-1738) retired from politics to his Norfolk estate in 1730, and here he very successfully reclaimed land for cultivation, marled sandy soil, spread the cultivation of turnips, clover, and other grasses, and created the Norfolk four-course system which kept the land permanently under cultivation. Coke, of Holkham (1752-1842), belongs to a later generation, but was a worthy follower of Tull and Townshend as an improver of the land and of the crops grown upon it, as well as being an improver of the quality of sheep and cattle raised upon it. When he began agricultural activities upon his estate in 1776 it was remarked by one observer that "all you will see will be one blade of grass and two rabbits fighting for it," and one writer says there was "no wheat or roots, clover or grasses, only a few sheep straggled over the rough land." Coke spent half a million in

seed with drills and kept the ground clean. He introduced wheat instead of rye, and changed West Norfolk from a rye-producing to a wheat-producing land. He farmed with improved rotation of crops, and his methods were so successful that his tenants flourished though paying higher rents than were previously obtained.

Two names at least must be mentioned in connection with the improvements in stock breeding. Bakewell (1725-1795) systematised stock breeding, and created a new Leicester breed of sheep so successfully that his rams went all over England. It was said of him that he gave England two pounds of mutton where it had only one pound before. Bakewell also bred cattle and horses, and gave his support, with practical examples of their value, to the new ideas that were being applied in agriculture generally. Charles Colling (1751-1836) was one of two brothers who became famous as the raisers of first-class stock. He applied Bakewell's ideas to the breeding of cattle, attaining his greatest success with shorthorns, making them the best all-round cattle in the world, several of them becoming world famous.

The improved treatment and working of the land, the introduction of new crops (which made possible the winter feeding of cattle on a larger scale), and the improvement of rotation of crops contributed to the improvement in the quality of sheep and cattle which attention to breeding was bringing about. All these changes led to a considerable increase in the food yielded, whilst the cattle became better draught animals and the sheep gave more and better wool. The increase in the meat yield between 1710 and 1795 is well brought out by some figures quoted by Lord Ernle* of the average weights of sheep and cattle at Smithfield Market in these two years. They are :—

	1710		1795
Beeves	370 lbs.	...	800 lbs.
Calves	50 ,,	...	148 ,,
Sheep.....	28 ,,		80 ,,
Lambs	18 ,,	...	50 ,,

This increase in food supplies was essential to the changes which caused Britain to cease being predominantly a country of agriculturists and become the workshop of the world. The factory and workshop workers, and the workers in many other occupations called into existence by the Industrial Revolution grew in number rapidly after the application of steam power and they had to be fed; and the diversion of a large number of people from the land to the towns as a result of the enclosures, required those remaining in agriculture to produce an increased quantity of foodstuffs to feed them.

Revolution in Industry.

The changes which took place in industry were no less remarkable than those which took place in agriculture, and these changes increased man's productivity in an even greater degree than the changes in agricultural methods and processes; and they changed our national life

*English Farming Past and Present, p. 188.

to a greater extent. The changes in industry were due to a succession of remarkable inventions which supplemented and complemented one another, but they followed one another so rapidly as to create social conditions which can only be described as chaotic.

Some inventions and new processes in industry were introduced before the Industrial Revolution began. Thus the smelting of iron with coal instead of with charcoal was practised by Dudley early in the seventeenth century, but when he died his process died with him; there were imitators but none who could achieve his success. Early in the eighteenth century, Abraham Darby at Coalbrookdale again smelted iron with coal, and the process was quite common by the middle of the century, when charcoal was becoming scarce owing to the restrictions placed upon the cutting down of trees which were also required to supply timber for shipbuilding. In the textile industries Kay's flying shuttle was invented in the second quarter of the eighteenth century. Yet the textile industries remained a domestic industry, being carried on principally in the homes of the people (which gave rise to the term "domestic system"), and were often carried on in conjunction with land cultivation or some other agricultural activity. The head of the family was usually the weaver, working on a home-made loom, whilst his wife and children, and perhaps an apprentice or two, prepared the yarn he required.

The inventions that went to the transformation of industry and created factory industry came first in the textile industries. Before Kay's flying shuttle was introduced the weaver had to pass the shuttle with his weft thread from side to side of the loom, over and under the warp threads. Kay's shuttle was impelled across the loom by the blow of a hammer, which was operated by tugging a cord held by the weaver. It enabled weavers to weave wider cloth than a single weaver had previously been able to do, and led to a doubling of the weaver's output. Weavers had previously experienced a shortage of yarn, and Kay's invention placed the weaver still further ahead of the spinner. It was, therefore, fortunate for the weaving industry that a series of inventions in the spinning and preparing sections of the textile industries increased the supply of yarn. They were first usually applied in the cotton industry, which was a newer industry and less subject to the restrictions and the conservatism associated with the older woollen industry. Roller spinning, due to John Wyatt, of Birmingham, or to his employer or partner, Lewis Paul, was patented by the latter in 1738. In this process two sets of rollers operated upon the cotton rope, prepared after the carding process. One set of rollers revolved more quickly than the other one, and, therefore, exercised a pull upon the cotton thread or roving as it left the more slowly revolving set, pulling out the cotton quite regularly into a thinner thread. Arkwright at a later date improved upon Paul's patent and made possible upon a commercial scale the spinning of cotton yarn strong enough to serve as warp, and thus enabled cotton warp to displace linen and woollen yarn previously used almost exclusively for warp purposes.

In 1764 Hargreaves invented the spinning jenny, which did not, like Paul's invention, introduce a new principle, but multiplied the number of threads spun by the old principle of the spinning wheel. His first jennies spun eight threads at one time, but when he patented his jenny he was spinning sixteen threads, and later he was able to spin 100 threads where only one at a time was produced by the old-fashioned spinning wheel.

The "mule" invented by Crompton, of Bolton, in 1779 derives its name from the fact that it embodies the principles of both Paul's roller spinning frame and Hargreaves' spinning jenny. The mule produced yarn of superior quality and was largely used, especially after Roberts in 1825 introduced the self-acting mule. These improvements in spinning placed this section in a position to cope more easily with the greater demands made upon it by the weaving section, and in combination the two sections increased the demand for raw cotton and the pressure upon the preparatory processes. Lewis Paul patented a carding machine (which combs the threads into a parallel condition prior to spinning) in 1748, and this made possible further improvements in this intermediate process, whilst the greater demand for raw cotton was met by the extension of the area devoted to cotton raising. But the cotton when gathered is mixed with seed which has to be separated. Originally this was separated by hand labour with a hand mill or roller gin—a tedious process by which about 40 to 60 lbs. a day of raw cotton could be provided by one worker. In 1793, however, Eli Whitney invented the saw gin which enabled a roller with saw-like teeth to draw the cotton through parallel wires between which the seeds could not pass, and the daily output per worker was raised to three cwts. or more.

In the meantime the loom had been receiving attention, and a clergyman, named Cartwright, in 1785 invented the power loom which was the basis of the power loom in use in the nineteenth century. Its output was considerably increased when Johnson in 1803 introduced the dressing frame which made possible the preparation of the whole warp for weaving purposes before the weaving process was commenced. Previously the loom had been stopped at intervals to enable a further portion of the warp to be dressed, and Johnson's frame made these stoppages unnecessary.

Most of these inventions in the textile industries required for their full application some power greater than hand power, and great power became even more important to those who wished to collect a number of the new machines in one factory or workshop. At first water power was employed, and the earliest spinning and weaving factories were, therefore, built on the banks of rivers, particularly in those districts where there was a sufficient fall of water to drive a water wheel. Hence the attraction of the hill streams in the North of England, in the districts of which, also, the restrictions upon industrial development were fewer

writing in 1835, said: "On the River Irwell, from the first mill near Bacup to Prestolee, near Bolton, there is about 900 feet of fall available for mills, 800 of which is occupied. On this river and its branches it is computed that there are no less than 300 mills." And this was more than 60 years after Watt had taken out his first patent for the steam engine and more than 40 years after its application in the cotton industry had commenced.*

The building of the mills in the country districts where the population was inadequate to staff them necessitated the importation of labour to the districts of the mills, and in these districts new towns arose. But the use of machinery simplified the processes, and women and children could perform many of the tasks associated with machine minding. Until 1802 there was no legislation approaching in purpose the present-day factory legislation even for young children, and one of the blackest blots in British history is associated with the employment of child labour in the new mills. Children were brought from the workhouses in all parts of the country to be employed for long periods daily in the mills, housed in terrible conditions, uneducated, and inadequately cared for, until legislation improved their conditions.

The introduction of steam power led to the building of spinning mills and weaving sheds in the towns where labour was more plentiful, and where transport costs falling upon raw materials and finished goods were less. The origin of the steam engine is unknown. Several experimental ones were made in this country before the eighteenth century, and Newcomen built a self-acting one early in that century. It is, however, to James Watt that we are indebted for the engine that revolutionised industry. The story of Watt and his improvements upon Newcomen's engine resulting from his working on a model of this engine is well known and need not be repeated. His first patent was taken out in 1769; but further improvements were made by him after this date, and he was responsible for the engine that was adopted by the new industries. Kennedy says: "It gave new life to the cotton industry. *Its inexhaustible power and uniform regularity of motion* supplied what was most urgently needed at the time."

The application of steam power in industry increased the demand for fuel to generate steam, and without an adequate supply of easily-transported suitable fuel the steam engine could not have been applied as it was. *Coal was the most suitable fuel, and large supplies* were available in the North of England, where the new textile factories had been built, so that the industries established there because of the presence of water power were able to continue there when coal became important as the source of power. Coal existed in several other parts of the country;

* Kennedy, writing of the year 1790, says: "About this time, Mr. Watt's steam engine began to be introduced into this part of the Kingdom, and it was applied to the turning of these various machines (*i.e.*, spinning machinery). In consequence of this, waterfalls became of less value, and instead of carrying the people to the power it was found preferable to place the power among the people, wherever it was most wanted."

and near these sources of power other industries such as smelting and engineering grew up. But at the time when the steam engine was introduced, deep mining for coal was not generally possible. Many pits harboured water, and as there were no suitable pumps available to keep them dry the deeper strata of coal could not be worked. The application of steam power to the new pumps that were introduced solved the difficulty, and thus ensured an adequate supply of coal, not only for the textile factories, but also for the smelting of iron now required in large quantities for the new machinery employed in industry. We have already noticed in an earlier page that smelting with coal was common by the middle of the eighteenth century; it became universal after the supplies of coal were increased and after the introduction of the blast furnace in 1760. Watt's engine improved the intensity and regularity of the blast, and facilitated the development of the iron industry which had now become so important an adjunct to all the new and old industries employing machinery.

To obtain the full benefit of all the inventions and improved processes in industry noted in this chapter, it was essential that the industries using them should be large-scale industries. A steam engine is of little use and no economy to a weaver with one loom, but it is economical when applied to a hundred or a thousand looms. But large-scale production implies the sale of a large part of the production. Northumberland could not consume all the coal it raises, or Lancashire use all the cloth it weaves, or the Potteries use all the cups and saucers made in that area; goods made by large-scale production methods are made for sale to persons other than the makers, and they have to be transported to the purchasers and ultimate consumers. To-day, we think little of a nation in Central Africa buying and clothing itself in cotton cloth woven in Lancashire from cotton grown in America, so wonderfully has our world transport system developed. But at the commencement of the Industrial Revolution towns and villages in Britain had little communication with one another, and outside the ports the people of one country had even less communication with the peoples of other countries. Until transport conditions had been improved the development of large-scale production making full use of the new inventions and processes was impossible.

Transport Revolution.

The roads in England in the eighteenth century were abominable. The principal roads of the country were still those made by the Romans, and little had been done to maintain or improve them. In Scotland the roads were fewer, and their condition worse than those in England. Rivers were principally crossed by fords, for bridges were fewer and not as well built for heavy traffic as are those of to-day. Our present-day canal system, now partly derelict, did not exist, and railways were not built until the second quarter of the nineteenth century. The steamship, likewise, was an innovation of the nineteenth century, and

coastal improvements in the way of lighthouses, lightships, harbours, &c., were due principally to the demands created by the growth of sea-borne trade resulting from the Industrial Revolution.

Several contemporary writers have given us descriptions of the roads before the Industrial Revolution. Roads were often so narrow that two coaches could not pass; being undrained they became churned mud in wet weather, so that "ditches and roads are full of mud and dirt all alike and all of a level," and "sometimes a whole summer is not dry enough to make the roads passable," and deep ruts "of an incredible depth" were cut in the roads, sometimes being four feet deep, according to Arthur Young, who describes the road between Wigan and Preston in the summer of 1770. It is not difficult to understand why the transport of goods and passengers was so slow and costly before the roads had been improved. As late as 1820, even after some improvements had been made, two days and a half were required for the journey between London and Plymouth, which can be made by railway train to-day in about six hours. Water transport was also slow and costly. The journey from London to Herne Bay might take a week, whilst the boats between Holyhead and Dublin often took a fortnight to make the crossing, depending as they did upon the winds. Postal communications were relatively few compared with those of the present day, and the service was naturally a slow one.

Military requirements impressed upon the Government by the Pretender's raid in 1745 led to action being taken to improve the roads, and between 1760 and 1774 over 400 Acts of Parliament were passed giving individuals or commissioners power to construct, maintain, or improve roads, and to exact a toll from those using the road to which the Act referred. But an improvement in the technique of roadmaking was essential before the commissioners in whose favour an Act was passed could construct good roads; and for this improved technique we are indebted to a succession of exceedingly capable civil engineers who also contributed to the building of bridges, lighthouses, harbours, and canals. The first of the roadmakers, however, was John Metcalf, known as Blind Jack of Knaresborough, where he was born in 1717. He was blind from the age of six, and had a varied career as "musician, soldier, chapman, fish dealer, and horse dealer," to which must be added that he became a carrier between York and Knaresborough. When an Act was passed in 1765 authorising the making of a road between Harrogate and Boroughbridge, he secured a contract for building a part of the road, and did the work so well that he was given further contracts for building roads and bridges in Lancashire, Yorkshire, and Cheshire. But the great civil engineers of the eighteenth century who gave Britain at least passable means of communication were Brindley, Telford, Smeaton, and Rennie. Brindley (1716-1772), who was a millwright by trade, is chiefly remembered for his being the builder of the pioneer canal of our present canal system. This canal was the Bridgewater Canal commenced in 1750 and opened in 1761. It connected

to carry coals from his pits in the Worsley district to Manchester. The canal reduced the cost of carrying coals to one-half of the previous cost. In building this canal Brindley introduced methods that were previously not known or scarcely known, *e.g.*, puddling and the use of locks; and this canal was rapidly followed by others in which Brindley's principles of construction were adopted. Brindley besides building canals undertook other work such as draining pits, which helped to make deep mining possible, and making engines for the new factories that were springing up so rapidly in the second half of the eighteenth century.

Telford (1737-1834), an apprentice mason, studied hard whilst following his trade, and became the County Surveyor for Shropshire, which gave him opportunities for exercising his skill as a road and bridge builder. But he operated also in a wider sphere, and he was employed, particularly in Scotland, in building not only roads and bridges, but harbours and canals as well. He built roads in North Wales and also the Menai and Conway bridges.

Smeaton (1724-1792) also worked in various fields. He built bridges, cut canals, made harbours, and organised drainage schemes which added to the cultivable land of the country. Among the canals he built was the Forth and Clyde Canal, but he is principally remembered as the builder of the first stone lighthouse on Eddystone Rock, and his success was the beginning of the building of the lighthouse system round the coasts of Britain.

Rennie (1761-1821) was also a great civil engineer. Like others who have been mentioned he accomplished several important drainage schemes, and he also constructed canals, built bridges, including some of those across the Thames at London, lighthouses, naval dockyards, and the Plymouth breakwater.

At a later date Macadam (1756-1836) improved the surface of the roads by his careful selection and laying of the stones used for surfacing purposes; but the foundations of the art and science of roadmaking were laid by the civil engineers we have mentioned. It was their work which gave Britain her roads, bridges, canals, harbours, and lighthouses, and made it possible for the inventions of Kay, Paul, Hargreaves, Watt, and others to be applied in large-scale production. When the roads had been improved the vehicles used upon the roads were improved, the postal service was improved, and these improvements were of considerable importance to the manufacturing and commercial community, which grew rapidly, as well as to those who were engaged in agriculture.

Commercial Revolution and Social Changes.

Large-scale production necessitates large-scale finance. It also necessitates, as we have already noticed, exchange of commodities through purchase and sale, and the distribution of commodities to places far removed from their place of production. Buyers and sellers

must meet, and this led to the establishment of markets or exchanges, as they are called in some cases; and the buyers must be able to pay for their purchases, and thus the changes caused by the Industrial Revolution necessitated the development of the British banking system, a development which assisted the financing of the comparatively large-scale businesses which grew up out of the inventions noted in this chapter. It would take us too far from the main lines of our study to follow the developments of markets, exchanges, and banking in a chapter concerned mainly with the causes which led to the establishment of the Co-operative Movement, but these developments should be noted in passing, for they are among the causes which created special classes of persons concerned with the direction of industry and commerce, and they accentuated the helplessness of the individual worker who might try to save a little capital in the hope of becoming self-employed; he became increasingly dependent for the opportunity of earning a livelihood upon the will of an employing class. This class, on the scale created by the Industrial Revolution, was a new phenomenon; it had no traditions and little experience; its members eagerly accepted the view of Adam Smith that men should be free to employ their labour and capital in any way they choose, with little or no restriction imposed by the Government, and that whilst it is their own advantage which men seek, they naturally, even necessarily, are led to prefer the employment that is most advantageous to society.

The country's experience of the pursuit of self-interest and of the results of the absence of regulation in the interests of the community is reflected in the factory legislation and other social legislation during the past hundred years; but of the results of the Industrial Revolution we shall say something in the next chapter.

CHAPTER IV.

SOME RESULTS OF THE INDUSTRIAL REVOLUTION.

If the results of the Industrial Revolution were to be ascertained and stated as a business firm ascertains and states the result of its trading in the form of a balance sheet, then the Industrial Revolution period could be truly described as a period of wonderful prosperity. The changes which made Britain the workshop of the world made her the richest country in the world, so that during the succeeding century she became the leading financial country, and financed industrial and general developments in the Colonies on a large scale and in non-empire countries on a smaller scale. She became a creditor of the whole world, and London became the recognised centre of the world's finance. In business, as in a race, a good start means a great deal, and the lead which Britain secured in international trade as a result of her being a pioneer in the new agricultural and manufacturing methods and developments (obtained, let it be noted, whilst some of her neighbours on the continent of Europe were engaged in long-continued wars in which she, too, was a participant, but on foreign soil), was strengthened by her becoming also a pioneer in railway and steamboat transport in the nineteenth century. Judged by figures of national wealth, the agricultural, industrial, and transport changes had been an immense boon to the inhabitants of Britain.

Industrial, Commercial, and Social Changes.

But there was a darker hue in the picture. Prior to the Industrial Revolution the people of Britain, engaged mainly in agricultural pursuits, had enjoyed a steady it comparatively low standard of living, judged by modern standards. The Industrial Revolution, largely because of the rapidity with which the changes occurred, brought poverty and distress into thousands of homes and created conditions which can only be described with truth as chaotic. It was these conditions which stimulated that demand for political, industrial, and social reform which led to the Chartist Movement, the Friendly Society Movement, the Trade Union Movement and the Co-operative Movement. It is, therefore, important for us to examine the results of the Industrial Revolution.

We have already noticed the great increase in material wealth which followed the introduction of new methods in agriculture and the inventions in industry, and this increase was of considerable assistance to a country participating in the Napoleonic wars. But this wealth was badly distributed. Large fortunes were made by adventurous employers, whilst poverty and distress increased among the new and numerous class of wage earners. The new class of rich manufacturers and merchants which came into existence, contested with the landed class for

a share in the government of the country. They provided leaders in the struggle for political reform which led to the Reform Act of 1832; and very largely they formed public opinion and determined the course of national life during the greater part of the nineteenth century.

We have also seen that large-scale industry with adequate transport facilities for the distribution of commodities not locally required was essential for the full utilisation of the inventions in manufacturing industry. Britain had long been an exporting country, and it is not surprising, therefore, that markets for her new products were sought in foreign countries. Her exports in 1750 were valued at about £12 million, and her imports at about £8 million, but by 1810 the exports had risen to nearly £60 million, and her imports to £30 million. Both imports and exports fell off a little in the years immediately following, largely owing to prices falling quickly, but later her exports and imports a little more slowly began to rise. By 1860 her exports were more than £160 million and her imports £230 million for the year, and they continued to rise rapidly in succeeding years. Even when allowance is made for changes in circumstances such as the Napoleonic wars, the alteration in price levels and the union with Ireland, the increase was phenomenal when comparison is made with the eighteenth century. The development of foreign trade thus indicated brought with it an increased dependence upon foreign markets for the employment of British workers, and also an increased dependence upon foreign countries for food supplies and raw materials, these being the classes of commodity which a country possessing great advantages in manufacturing finds it advantageous to import. Internally, the new roads and canals provided the necessary transport facilities until the nucleus of the present railway system had been built by the middle of the nineteenth century.

Unemployment, Wages, and Poverty.

The greater irregularity of the demands of the foreign market, due to disturbances such as wars in foreign countries, the failure of crops with which these countries bought our manufactured goods, the competition of other countries which began when they followed Britain's example and developed manufacturing industries, contributed to the problem of unemployment, a solution of which has baffled statesmen down to the present day. But the rapidity of the changes of the Industrial Revolution period must be held largely responsible for the chronic unemployment during that period. If inventions are introduced slowly and throw out of work 100,000 men per year it is easier for this number of men to find employment in the expanding industries and in the new industries and occupations that are constantly being created in a progressive society than it would be for 200,000 men per year to find employment if the inventions and improvements in processes were introduced twice as quickly. Such inventions and improvements are essential if a constantly rising standard of living is to be maintained; but the men who are thrown out of work find little consolation in the fact that they are victims of social progress. During the period

of the Industrial Revolution such unemployed men were helpless and without hope. There was not then any unemployment insurance fund to help them whilst unemployed, and the Poor Law was not designed to meet such an avalanche as fell upon it as a result of the Industrial Revolution. Conditions were so bad at the end of the eighteenth century that following the Speenhamland decision in 1795, a number of Poor Law authorities subsidised wages from the Poor Law funds, causing such a great increase in Poor Law expenditure and the rates levied to meet it, as to lead to the reform of the Poor Law in 1834. It must be remembered, too, that the enclosures had deprived many thousands of the population of the land which they had cultivated whilst following some craft such as that of the weaver, and also of the commons upon which they had maintained perhaps a pig and a few poultry. They had lost even this amount of independence which they possessed before the Industrial Revolution began.

When they turned to the law for help, the working classes found it was against them. The Combination Laws passed in 1799 and 1800 (repealed in 1824 and re-enacted in modified form in 1825) in fear of the outbreak of revolution, prevented them from meeting freely in public meetings to discuss their grievances and to attempt methods of removing them, though it was quite possible for a group of employers to meet at a private house and over a meal or a bottle of wine to discuss what joint action they might take against the workers whom they employed. And when, early in the nineteenth century, attempts were made to invoke the unrepealed (but not employed) powers of magistrates to fix wages under the Statute of Apprentices passed in 1563, Parliament, probably affected by the prevalent ideas favouring individualism and the abolition of State control, repealed the wages clauses of that Act in 1813 and the apprenticeship clauses in 1814.

Real wages as well as employment declined as the Industrial Revolution continued. There was not at that time the same uniformity of wages all over the country as prevails to-day when national trade unions and employers' federations make national agreements, and the available data relating to wages are scanty; but such data as we have shows that for fully-employed workers (and it must be remembered that unemployment and under-employment were rife) the standard of living fell considerably during the Industrial Revolution period. Money wages in most occupations rose between 1768 and 1795, but the prices of commodities rose even more, so that real wages fell, even if the worker was fully employed, despite the great increase of national wealth in the interval. Between 1790 and 1810, estimates Mr. G. H. Wood in the C.W.S. Annual for 1901, money wages rose at least 69 per cent, but between the same years the cost of a workman's budget constructed by Mr. Wood rose 80 per cent, and the decline in real wages was thus continued. Some improvement took place as the century proceeded, but until 1850 real wages fluctuated. It was not until the middle of the nineteenth century that real wages took a considerable and, on the whole, a continuous upward trend.

These conditions—declining wages, under-employment and unemployment, legal restrictions upon the worker's freedom to act in concert with his fellow-workmen to improve their conditions—created widespread and deep-rooted discontent. But it was not their industrial conditions alone that tended to make the workers desperate, the general social conditions of home and town life contributed to it. They chafed under laws in the making of which they had no voice and which they were powerless to alter. Even the Reform Act of 1832 had little message for the working classes who had to wait until 1867 and 1884 for a real voice in Parliament, and until our own day for complete enfranchisement. The conditions of the houses and towns in which the factory workers lived were miserable and degrading. The settling of large numbers of people near the factories and works on the banks of the rivers, at ports and on or near the coalfields caused a rapid expansion of some towns and the building of entirely new ones. This was at a time when there were few or no regulations, local or national, respecting the passing of plans for houses, for drainage, for laying out streets or roads, or for the protection of public health. As a consequence, badly-built houses crowded together were rushed up, little thought or attention was paid to water supply or to drainage, and epidemics broke out repeatedly, and the general death rate was high. Living in squalid, unhealthy surroundings, in badly-lit, ill-ventilated, and poorly-furnished houses, it is not surprising that men were disposed to strike, and undertake even more violent action to improve their industrial and social conditions. Looking back upon those times many people marvel there was not more violence in their protests.

Children and Social Hardship.

The children suffered most of all, and they were not able even to protest. In mines and factories they were put to work, until prevented by legislation, at five and six years of age: that they could have any industrial value to employers at these early ages seems astounding to us to-day. And they worked 12, 14, 16, or even more hours per day. They were considered quite suitable for some of the work associated with the new machinery, and as the local supply of child labour was inadequate many children from the workhouses in various parts of the country were apprenticed in the new mills that sprang up. Poor Law guardians, anxious to reduce their liabilities, often insisted upon a proportion of children who were mentally or physically defective being included in the batches covered by the agreements they made with the factory owners. Reaching the factories the children were often housed together. They not only had to work long hours, often on the shift system, when one set of beds was made to serve for two lots of apprentices, but they were badly treated and ill-fed. Not until legislation imposed its provision upon employers did these children receive any education. It is not surprising that many of them grew up to be vicious and coarse in adult life. The wonder is that so many of them became fine men and women and good citizens when the barriers to citizenship rights were removed.

Sympathy for the children led to the passing of legislation to protect them. The first Act which may be considered in the nature of our first Factory Act was the Health and Morals of Apprentices Act passed in 1802.* There was little difficulty in securing passage of the Bill through Parliament, largely because public opinion was shocked by some of the revelations that were made of the existing conditions.† But the Act had only limited application. It applied to all *apprentices* and to all cotton and woollen factories in which 20 or more persons

* "Its chief provisions may be thus summarised. The working hours of apprentices were limited to 12 a day. Night work (by apprentices) was to be gradually discontinued, and to cease entirely by June, 1804. Apprentices were to be instructed in reading, writing, and arithmetic, and a suit of clothing was to be given yearly to each apprentice. Factories were to be white-washed twice a year, and at all times properly ventilated. Separate sleeping apartments were to be provided for apprentices of different sexes, and not more than two were to share a bed. Apprentices were to attend church at least once a month. To secure the proper administration of the Act, the justices were to appoint two inspectors from among themselves, of whom one should be a clergyman, to visit the factories. All mills and factories were to be registered annually with the clerk of the peace. The justices had power to inflict fines from £2 to £5 for neglect to observe the above regulations." Hutchins and Harrison, "A History of Factory Legislation," p. 16.

† "Nor were cotton mills the only offenders, probably not even the chief ones. In 1801, a man named Jouvaux was tried for ill-treating and overworking his apprentices, and was sentenced to twelve months hard labour by Mr. Justice Grose. From the report of his trial, it appeared that though the defendant was in destitute circumstances and quite unable to carry on a business properly, the criminal carelessness of the poor law overseers had enabled him to secure the premiums and services of no less than 16 apprentices whom he employed in tambour work. It was stated that these 16 unhappy children had two beds among them, and were kept at work for such hours and, owing to the nature of the work, in such attitudes that they came near being deformed and disabled for life. The master was found guilty of 'assaulting and cruelly beating Susannah Archer, a child of 15 years, his apprentice; of employing her to work in his business . . . beyond her strength, at unreasonable hours and times; of neglecting to provide for her proper clothing and necessaries whereby she was stated to be emaciated and her health impaired.' The overseers of the parish and the magistrates who signed the indentures of apprenticeship were severely censured by the judge for neglecting 'to inquire and learn how these children were employed, how they were clothed and fed, and whether the employment was suited to their years and conditions.' And the judge went on: 'Should the manufacturers insist, that without these children they could not advantageously follow their trade, and the overseers say that without such opportunity they could not get rid of these children, he should say to the one, that trade must not for the thirst of lucre be followed, but at once, for the sake of society, be abandoned; and to the other, it is a crime to put out these children, who have no friend to see justice done, to incur deformity and promote consumption or other disease; this obviously leads to their destruction—not to their support.' There are several noteworthy points in this interesting trial. The industry was one that had not probably been much if at all influenced by new machinery. Yet we find the apprentice trouble present in its acutest form. The supply of cheap labour offered by the apprenticeship of pauper children acted, as we see by this case, as a temptation to poor and ignorant persons to set up some business which they were incompetent to carry on, and could not have started if they had had to pay fair wages and give their workers reasonable conditions. The judge's opinion that an industry carried on in the manner described could be of no benefit to society, but rather the reverse, may be noted as distinctly 'advanced.' The prevailing tendency was to regard industries as wholly productive and to omit any reference to their effect on the health and strength of the community." Hutchins and Harrison, "History of Factory Legislation," pp. 14 and 15.

were employed; but all other factories and workshops were free to act as they liked in regard to children who were not apprentices; indeed the Act has been described as "not a Factory Act properly speaking, but merely an extension of the Elizabethan Poor Law relating to parish apprentices." Children, including apprentices, still worked at a low wage in the factories, and the working conditions of children in mining and other industries were still as disgraceful as ever.

But the Health and Morals Act had set rolling the ball of reform, and justices of the peace, for example, began to take greater interest in the conditions of life and labour of the apprentices, whilst public opinion in favour of further restrictions upon the employment of children ripened. Robert Owen—who had voluntarily undertaken reforms in his mills at New Lanark, raising the age at which children might commence work and restricting their hours of labour—took the leading part in the agitation which led to the passing of the Factory Act of 1819. Owen had prepared a draft Bill providing for a minimum age of ten (he had reported to a Government Committee that children were commonly employed at five or six, and in some instances three and four years of age), although he was in favour of twelve, and for a maximum working day for all under eighteen of 10½ hours. The Act fixed the minimum age at nine, and the maximum day inclusive of meal hours at 12 for all under eighteen years of age. Owen's draft also provided for the appointment of qualified paid factory inspectors, and for the inclusion of all mills where 20 or more persons were employed; but the Act left the administration of the Act in the hands of the justices of the peace as before and applied only to cotton mills. But children continued to be abused, lacking proper control by efficient factory inspectors, even in the cotton industry; and in many industries they were still neglected, and it was left for later Acts* to give them that protection to which they were entitled, and which they were powerless to secure for themselves.

Reference has already been made to the building of mills in new districts, and to the attraction to these districts of workers, seeking employment, and to the growth of towns in which mills were built after the steam engine was introduced. These developments led to a considerable increase in the population and to a change in the distribution of the population. To these changes we must now devote our attention.

Growth of Population and Towns.

The first census in Britain was taken in 1801, and consequently for earlier dates we are dependent upon the estimates of contemporary writers or upon the investigations of subsequent writers who have

* The Act of 1825 reduced to 16 the minimum age at which 12 hours inclusive of 1½ hours for meals could be worked by children. In 1831 the age was raised to 18, and prohibited night work to all under 21, but the Act applied only to the cotton industry, and in other occupations the conditions of work for children and young persons remained horrible until later legislation remedied them.

collected and examined available data. In 1750 England was still a rural country, the majority of the population being engaged wholly or partly in agriculture, and therefore not concentrated in towns as they are to-day. Estimates of the population of England and Wales in that year place it as between 6 and 6½ millions, and this population was principally living in the South, for the industrial development of the North had not yet commenced. But even in the South, outside London, the towns were relatively small. London had an estimated population of 700,000, Bristol and suburbs 43,000, Norwich 36,000, Liverpool about 25,000, and Manchester less than 20,000. By 1801, when the first census was taken, the population of London had reached 900,000, Bristol 64,000, and Norwich 37,000, but that of Liverpool had risen to 78,000, and that of Manchester to 81,000. By 1801 the total population of England and Wales had risen to about 9 millions, an increase of 50 per cent in 50 years; it rose by more than a million in the next 10 years (12½ per cent), and by 1821 it had reached 12 millions, an increase of 16 per cent during the decade; but some counties showed more rapid increases than others, and the counties with the largest increases were those in which the new industries were developed. The North of England, a part of the country hitherto the most sparsely populated, became the most densely populated part. This growth of population in the new districts created problems which statesmen had never previously encountered, and it is not surprising that towns sprang up and grew whilst little thought was given to housing problems and town planning. But the fact that the problem was new brought little consolation or satisfaction to those who suffered from the conditions which the changes created.

Friendly Societies, Chartism, and Trade-Unionism.

In the age when the ideas of Individualism, as propounded by Adam Smith and his successors, prevailed among the governing classes it is not surprising that Government accepted little responsibility for, and took little action to remedy, the terrible industrial and social conditions. It was, therefore, from the workers themselves that there sprang not only protests but attempts to remedy these conditions; and it was in the North and Midlands that they were most active, Manchester and Birmingham becoming the homes of many reform movements. Among the most important of these movements were the Friendly Society, the Trade Union, the Political, and the Co-operative Movements. In the early stages of these movements there was a close contact between them, for they all represented efforts by the same class of people to find a way out of their distress, and the same working-class leaders were often deeply involved in all of them.

Friendly societies continued some of the features of the work of the old guilds in providing for sick members and for the families of deceased members. Such assistance became more necessary after the Industrial Revolution had commenced, and in 1793 the first Act of Parliament relating to them was passed. This Act was supplemented

later by other and more suitable Acts of Parliament. The legislation is interesting to students of Co-operation because it was taken advantage of by co-operative societies until the first special Act of Parliament for co-operative societies (The Industrial and Provident Societies Act of 1852) was passed.

Trade unions, as associations of wage earners seeking to improve their status and their industrial conditions, began in an informal manner when wage-paid labour became common. The number of associations increased during the second half of the eighteenth century and more rapidly during the nineteenth century when the Industrial Revolution had created a very large class of wage earners. In addition to the difficulties created for them by the Combination Acts the trade unions had to fight the opposition of the governing and employing classes, and it was not until the second half of the nineteenth century that they were able to gain even tolerable conditions for development, and for doing their legitimate work in protecting and promoting the interests of their members.

Although the demand of the leaders of the working classes for political reform goes back to the eighteenth century, it was in the nineteenth century that the demand became more clamant. The Reform Act of 1832 which effected a very radical reform of the franchise and of the constitution of the House of Commons, did not meet the needs of the majority of the working classes who continued to press through the Chartist Movement for their own enfranchisement and for other reforms of the Parliamentary arrangements. But, except as an educational agency, the Chartist Movement failed; and it was not until 1867 that the town artisan and until 1884 that the agricultural labourer obtained a reasonable franchise. If annual parliaments (which was one of the points in the Chartists' programme) has not yet been realised it is because the working classes themselves realise that short parliaments would not be effective business instruments; but all the other points of the Charter (payment of members, vote by ballot, equal electoral districts, one man one vote, and manhood suffrage) have been realised in principle, and the duration of parliaments has been reduced to five years.

Charitable Efforts and Early Co-operative Efforts.

The Co-operative Movement is the subject to be treated at length in this book, and little need therefore be said about it in this chapter except to point out how the conditions created by the Industrial Revolution led to the earliest attempts to establish societies. Co-operation in the sense of working together for a common end is, as we have already noted, at least as old as civilised society. Its application in co-operative associations which have evolved into the present-day co-operative societies dates from the Industrial Revolution. This is not to say that groups of workmen had not previously formed themselves into associations for economic purposes. Recent writers have drawn attention to several such associations; but these associations

were few in number, they were formed to meet some particular local difficulty, and they did not start a movement. To start a movement would have required the fulfilment of at least two conditions: that their founders should have proclaimed and propagated their co-operative principles, and should have given advice and assistance to other groups of workers desiring to follow their advice and example. In addition, the associations established should have been brought into organic relationship.

We have seen that the Industrial Revolution caused widespread poverty and distress, and these conditions prompted charitably-disposed people to attempt methods of assisting the poor in their district. One of the methods they adopted was to purchase food or fuel in bulk—they often also arranged for its transport over long distances—in order that it might be sold at cost price to the poor people; and in some cases they subscribed the necessary capital in order that a mill might be built at which the poor people could grind their corn. Mrs. Sidney Webb (B. Potter) in the "Co-operative Movement in Great Britain," mentions a pamphlet of 1767 which refers to the manufacturers and other principal inhabitants of Wolverhampton having built by subscription a corn mill for the use of the poor. But this was not the only case. In 1796 a windmill with a similar purpose was built by subscription on Barham Downs, Kent;* ten persons built a mill to help the poor at Chislehurst, Kent, in 1795;* another mill apparently existed at Brentford,* and another at Newport Pagnell,* whilst the petition of the "poor inhabitants" of Hull who in 1795 had subscribed 6s. 4d. each for the purpose of building a corn mill and desired the financial assistance of the Mayor and Corporation is near to being an independent co-operative society of consumers. Its story is well known to students of Co-operation.† In other cases, groups of charitably-disposed persons established, or assisted in establishing, shops that were supplied with goods which they bought wholesale and sold at wholesale prices in small quantities to the poor or at these prices plus the small costs of distribution. Such shops were opened at Mongewell* (Oxford) in 1794 for bacon, cheese, and other household requirements; at Greenford* (Middlesex) in 1800, on lines similar to those followed at Mongewell; at Wanstead* (Essex) in 1797 for coal; at St. Albans* for rice and salt beef in 1801; at Lower Winchenden* in 1799 for wood and coal; at Exmouth* for bread in 1801; at Hadham* (Hertfordshire) in 1797 for bread; and at Hanwell* (Middlesex) in 1799 for tea, butter, and other household commodities; whilst at Shipton Moyne* in Gloucestershire in 1801, the vestry, after adopting a scheme of relief for the necessitous, considered a way of securing them regular employment and undertook

* Reports of the Society for Bettering the Conditions and Increasing the Comforts of the Poor.

† See C. Webb, "Industrial Co-operation," page 53.

a scheme of potato growing to find employment for "every poor man wanting employment," a shop opened in the previous year for the distribution of commodities at low prices being continued.

None of these efforts to afford relief to the poor can be looked upon as a co-operative society or association, but that they had an influence in turning people's thoughts to the possibility of doing for themselves what had been done for them by charitably-disposed persons in the way of bulk buying of commodities with beneficial effects can scarcely be doubted (for retail prices were often reduced 20 per cent by the bulk buying).

These charitable experiments did not stand alone. Friendly societies initiated schemes to help their members and the poor generally in their neighbourhood by keeping down prices. Thus a friendly society at Rothley in Leicestershire in 1795, because bread was dear, decided to employ £50 of its capital in purchasing corn which was sold as flour; and a report upon the Rothley experiment says that "similar modes of procuring a regular supply of flour at a moderate price had been adopted at Quorndon, Sileby, Mount-Sorrell, and some other places in Leicestershire."* According to the "Union Magazine and Imperial Register" for June, 1801, the friendly societies of Edinburgh and neighbourhood imported into the port of Leith in the course of twelve months grain to the value of £45,000 which enabled the members to obtain cheaper bread, and prevented the price of bread from advancing more than it did. Friendly societies at Sheffield in 1795 purchased a corn mill obviously with the same intention,* and in 1793 sick benefit clubs at Sheffield opened a colliery in opposition to that of the Duke of Norfolk.† These activities of the friendly societies struck a note different from that of the charitable experiments. Both aimed at helping the poor; but in the case of the friendly societies the initiative was taken by those who were suffering from high prices.

As far back as 1766, a pamphlet‡ entitled "Proposals (humbly offered to the Public) for an Association against the Iniquitous Practices of Engrossers, Forestallers, Jobbers, &c., and for Reducing the Price of Provisions, especially Butchers' Meat" was published. It was a proposal to establish a provision society to deal especially in butchers' meat and to help the poor in a time of advancing prices. Subscriptions were to be invited, and employed in the direct buying of cattle and sheep from farmers, the meat to be sold as near cost as possible to retailing butchers and to individual consumers. Whether any practical steps followed the issue of the pamphlet we have no record. The Good Intent Society of Brentford comes nearer than any of the ventures so

* Reports of the Society for Bettering the Conditions and Increasing the Comforts of the Poor.

† "The Coal Industry of the Nineteenth Century," T. S. Ashton, M.A., p. 66.

‡ Described as printed for J. Payne, at the Feathers, Paternoster Row, and Richardson and Urquhart, under the Royal Exchange.

far mentioned to a modern consumers' co-operative society. The society was established about 1800 and was to erect a corn mill to make flour for members, and, if necessary, bake the flour into bread. Still nearer in purpose and method to the consumers' societies of the nineteenth century was a joint-stock company known as the United Friendly Society in Oldham (Lancs.) in 1795. It was formed for the purchase of food and other necessaries upon as economical a scale as possible. It could not have lived very long, for we learn from the local historian* that "the prices of provisions being high at this period (1802-3) a number of inhabitants revived the company. The committee became involved in litigation with their creditors in 1804, and in 1808 the undertaking seems to have been dissolved." In Scotland, too, attempts were made to keep down the cost of living by co-operative purchase, and the late Sir William Maxwell must be credited with bringing to light the activities of the Fenwick Weavers' Society (1769). These examples indicate rather than exhaust the list of efforts made on co-operative lines to meet the conditions created by the Industrial Revolution. A more complete record falls within the first half of the nineteenth century, and these efforts will be described in later chapters. As workmen became aggregated in larger numbers in the new factories and workshops, and as the population of towns grew, one of the conditions favourable for the development of co-operative action, viz., closeness of contact, which brings personal knowledge and creates confidence, was created.

* "Historical Sketches of Oldham," by Edward Butterworth, p. 151.

CHAPTER V.

THE FIRST CO-OPERATIVE THEORISTS AND THEIR IDEAS.

First Co-operators.

Although the form of the typical British co-operative society is largely the outcome of the needs of its members, its professed aims and governing principles are no less the embodiment of the hope and faith of the first co-operators. Co-operation, before it could be practised as a method of reform, had to be preached and explained. It is necessary, therefore, before considering the practical work attempted by the pioneers, to examine the ideas of the first co-operative propagandists and teachers, to trace whence they derived them, and to explore the grounds of their hope and faith. To their contemporaries none of these propagandists were eminent men, with the possible exception of Robert Owen, who would be known as a leading manufacturer, and a philanthropist of European reputation. William Thompson, the Irish gentleman from County Cork, Dr. King, the Brighton physician who took an interest in education and public health, and the miscellaneous group of journalists, pamphleteers, and lecturers who represented the intellect of the infant Co-operative Movement had no position of eminence from which they could command the attention of the public. And not merely the men, but their ideas would be obscure because they were unorthodox.

Public Opinion.

The ideas and opinions of English people a hundred years ago about right and wrong, riches and poverty, national welfare, and the Industrial Revolution then going forward no doubt differed amongst themselves as much as do those of their descendants to-day. Nevertheless, amongst people of education and social standing there were certain ideas which, because they were generally accepted, may be called orthodox, and these ideas generally determined the attitude of statesmen and the governing classes to the changes produced by the revolution in industry and to any demand for reform or redress of grievances. Perhaps the most powerful factors of public opinion amongst the well-to-do were habits of thought and sentiment which were so intimate as to be unconscious. One of these was the constant failure to recognise working people in the mass as having the same human rights as themselves. The working classes were "the lower orders," often regarded as chattels, and not infrequently treated as rather less valuable than domestic animals. The symbol of their inferiority was their exclusion from any active share in the Government of the country. Whether this habit of limiting the idea of mankind to a particular class of men was a relic of feudalism or, as some modern writers think, a result of the slave trade by which many Englishmen had become rich, it raised as real a barrier to humane feeling and conduct as any difference of colour. Along with the complacent acceptance of "the lower orders" as a

race of men born for manual labour and naturally unfitted for education apart from the Gospel, went an almost superstitious reverence for trade, and the belief that the prosperity of the country was to be secured only by allowing the trader and manufacturer unlimited freedom to make profits. It is remarkable how easily the parliaments of the early nineteenth century passed legislation thought to be favourable to trade, and how drastically they amended Bills designed to protect workpeople against inconsiderate employers.

Economists.

Unfortunately these ingrained prejudices appeared to obtain a scientific justification from the writings of the economists—Adam Smith, Thomas R. Malthus, and David Ricardo. Political Economy was then a new science and, because new, fashionable; and it was given credit for revealing more truth than it had in fact discovered. Journalists and politicians and others who spoke, or wrote, in haste on public affairs ransacked the books of the economists for arguments which could be manufactured into reasons for the toleration of abuses and the refusal to remedy injustice and suffering. Pitt, although a self-proclaimed disciple of Adam Smith, who taught industrial freedom, defended the Combination Act of 1799. Further, the moralists of those days, and even Christian teachers like Paley, were generally agreed in reducing the difference between right and wrong to a question of the pleasure, satisfaction, or happiness of the individual, and thus lent a sanction to the reckless competitive individualism and disregard of the social interest which were rampant in industry.

Economic Doctrine.

The arguments of the working-men who petitioned the Government to enforce the ancient laws which formerly protected their standard of living or to help them out of their distress were answered, on the high scientific authority of Adam Smith, that the State could do no better than allow economic tendencies to take their course, and that any attempts on its part to intervene would sooner or later make matters worse than before. People who read "The Wealth of Nations" could easily believe, if they wished, that there was no real ground of conflict between workers and capitalists, but that all men were "led by an invisible hand" to promote the interests of others in the pursuit of their own. Much less hopeful were the conclusions of Malthus, whose inquiries into the growth of population led him to declare that population, when not checked voluntarily, or by the ravages of war and disease, would always increase more rapidly then the subsistence available. Mankind was not sufficiently prudent to prevent any rise in the standard of comfort from being followed by an increase of population which would bring it back to the old level. Poverty for large classes of people was, therefore, inevitable and permanent.

Malthus's conclusions confirmed the doctrine called the Iron Law of Wages, which laid down that wage earners could never for long earn

more than was just necessary to enable them to maintain themselves and bring up their children. If wages rose above subsistence, the resultant increase of population and consequent larger supply of labour would bring down the price of labour to the original level. A little later the economists were to be found teaching the theory of the Wage Fund. The Wage Fund, or the money available for the payment of wages, was a part of the capital of the employers, and its amount, roughly equal to the difference between their total capital and the total of their other business expenses, was practically fixed by technical conditions. The labourer, having no capital, could not wait for his wages until his produce was marketed and paid for. His employer, therefore, made him an advance, that is, paid him wages, to enable him to go on living and working. Wages were thus paid out of capital; capital was wealth saved by the employer or capitalist out of his profits. If wages rose, profits would be smaller. If the employer could not save as much as before there would be less capital flowing into industry, employment would cease to expand and wages diminish again. This argument in particular was supposed to prove the futility of trade-unionism. But all working-class agitation was represented to be foolish and misguided because it was opposed to what had been demonstrated to be natural law!

The New Teaching.

These doctrines did not deter the well-to-do, as individuals, from charity, when to give alms was their inclination or their religion; but through their influence on public opinion they prevented the organised effort on the part of the whole nation that was necessary if the Industrial Revolution was to be rightly handled and the degeneration of the working classes arrested. Nor did economic doctrines daunt those leaders of the working-men who were educated enough to understand them. These men were practical and shrewd enough to appreciate the tangible advantages that the organisation of their little friendly societies, trade clubs, and economical societies afforded them. But before these organisations could expand and develop, public opinion had to be reshaped; the fallacies of the economists had to be exploded and their doctrines replaced by a new teaching emphasising social welfare rather than private wealth; and a more optimistic view of the future of society had to be made to prevail. This was the task of the first co-operative theorists. They all refused to believe that the Industrial Revolution could lead to nothing better than an intenser struggle between landlords, capitalists, and wage earners. They maintained that social evils were not the work of malignant natural forces, but the consequences of the false ideas and faulty arrangements of men. They believed and taught that it was the duty of men to use their liberty in order to co-operate not to compete, and that the performance of this duty would bring with it the happiness of individuals and the well-being of society. And they had a scheme for reorganising the industrial and social life of the nation on co-operative principles by grouping the industrial population in self-supporting and self-governing communities.

Robert Owen.

Of these co-operators the first and best known in his own time and in ours was Robert Owen (1771-1858). Right up to the end of his life, Owen was an untiring speaker and writer; but all his important writing for our present purpose was done between his fortieth and fiftieth years. Although he lived for almost 40 years longer he said nothing of importance on Co-operation or his community plan that he had not said, and said better, during these ten years. In his Manchester days Owen, as a member of the Manchester Literary and Philosophical Society, showed that he held very tenaciously some unusual if not original opinions. At New Lanark he engaged in a series of practical applications of his theories, the success of which brought him fame and led him on to become a critic of modern society, a leader of agitators, and the prophet of a millennium.

A New View of Society.

Four essays entitled "A New View of Society," which he published between 1813 and 1816, set forth Owen's social theory. His first article of belief was that "Man's character is made for him and not by him," which was stated at greater length in his first essay as follows :—

> "Any general character from the best to the worst, from *the most ignorant to the most enlightened, may be given to* any community, even to the world at large, by the application of proper means; which means are to a great extent at the command and under the control of those who have influence in the affairs of men."

Poverty, misery, and crime existed in society because this principle was not understood by rulers and statesmen, who, acting upon traditional ideas and maxims rather than the facts of life, erroneously believed that "people are agents governed by a will formed by themselves and fashioned after their own choice." Once possessed of this principle "*instead of punishing crimes* after they have permitted the human character to be formed so as to commit them, they will adopt the only means which can be adopted to prevent the existence of those crimes." Chief of these means is education since "children can be trained to acquire any language, sentiments, beliefs, or any bodily habits and manners not contrary to human nature." Moreover, moral training can be greatly simplified, based in fact upon a single principle, namely, "the happiness of self clearly understood and uniformly practised; which can only be attained by conduct that must promote the happiness of the community." Reform through education ought to appeal to the governing classes because it opens out the possibility that "without domestic revolution—without war or bloodshed—nay, without prematurely disturbing anything which exists, the world will be prepared to receive principles which are alone calculated to build up a system of happiness and to destroy those irritable feelings which have so long afflicted society." The practical conclusion, therefore, is "that the governing powers of all countries should establish rational plans for

These plans must be devised to train children from their earliest infancy in good habits of every description . . . they must afterwards be rationally educated and their labour be usefully directed." If it seems altogether too visionary a scheme let it be remembered that "the beneficial effects of this practice have been experienced for many years among a population of between two and three thousand at New Lanark, in Scotland; at Munich, in Bavaria; and in the Pauper Colonies at Fredericks-oord."

Owen followed up his first essay with a second in which he described how New Lanark had been transformed under the management, first of David Dale and afterwards of himself. Their success in rooting out and preventing the worst social evils in the village made Owen confident that the time had come when it was possible to attempt "a reform in which all men and all parties may join—that is, a reform in the training and in the management of the poor, the ignorant, the untaught and untrained, or ill-taught and ill-trained, among the whole mass of British population; and a plain, simple, practicable plan which would not contain the least danger to any individual or to any part of society, may be devised for that purpose." The plan was to create a national system of education, and a national scheme of relief works for the unemployed. The third essay explains the system of education adopted at New Lanark for children and for adults, and in this essay Owen shows that his educational ideas belong more truly to the twentieth century than to the nineteenth. In the fourth essay he proceeds with his scheme of national reforms. After repeating that his policy intended no interference with present vested interests he declares the necessity of reforming the church and the laws governing the sale of intoxicants, the discontinuance of the State lottery and the revision of the Poor Law. For the Poor Law he would substitute a national scheme of education and training for the working classes which would include a regular census of wages and of totally and partially unemployed workers. He also ventured on a reply to Malthus in these terms:—"Mr. Malthus is correct when he says that the population of the world is ever adapting itself to the quantity of food raised for its support; but he has not told us how much more food an intelligent and industrious people will create from the same soil than will be produced by one ignorant and ill-governed. It is, however, as one to infinity."

The Reports.

Owen was so effective an advocate of his views that he was called in to give evidence before various committees which reviewed the administration of the poor laws. In the reports which he prepared for these committees his "plan" grew in definiteness and detail. The report laid before a committee of the House of Commons in March, 1818, shows that he pictured the application of his plan in a community numbering about a thousand persons and occupying from a thousand to fifteen hundred acres of land. The necessary buildings were to be erected in squares and would include a common kitchen and mess rooms, schools for infants and elder children, a lecture room and a

library, as well as quarters for separate families. In the drawing which accompanied the report were also shown work-buildings both for the services such as slaughtering, milling, and brewing, needed for the subsistence of the community and for manufactures, some of which might be disposed of in an outside market. An establishment of this kind he estimated could be provided at a capital expenditure of just under a hundred thousand pounds, but though this was costly he believed that it was less expensive in the long run than the then prevailing system of poor relief, and that the practical difficulties of managing it were not greater than those met with by business-men like Dale and himself who had established new industries in remote places. The plan was elaborated again in the celebrated "Report to the County of Lanark," presented in May, 1820. The number of colonists, this report suggests, might vary between three hundred and two thousand and the acreage between six hundred and eighteen hundred, according to whether the community was intended to be mainly industrial or mainly agricultural. The arrangements for combined housekeeping and for the common training of the children remained substantially as they were in the previous report. Owen, however, took advantage of the report to expound his views on money and spade husbandry. He believed that the use of coins of precious metals set up artificial and false standards of value, and he advocated a return to what he called "a natural standard of value" in the form of a unit of labour power. He ingeniously argued that if a unit of horse-power could be agreed upon for the purposes of mechanics a unit of man-power could be worked out for the measurement of labour, and that this could be made the basis of a new paper currency circulating like bank notes. Owen was an advocate of spade husbandry because he believed that with the spade the soil was cultivated more deeply and pulverised more thoroughly than when it was ploughed, and that the crops yielded would support a greatly increased population.

Between the appearance of "The New View of Society" and the last "Report" Owen's plan developed from a novel scheme of pauper relief into the programme of a complete transformation of industrial and social life. Its adoption would mean the end of what he and his followers later called the "Old Immoral World" and the inauguration of the "New Moral World" in which all things were to be governed by reason. As a scheme of home colonisation, Owen's plan was only one of many. It bears a marked resemblance to the proposals first made by Thomas Spence in 1775. Although Owen acknowledged no debt to Spence he did admit that his plan was originally suggested by a tract published in 1696 by John Bellers, a Quaker, and entitled "Proposals for Raising a College of Industry," and that he had also studied the settlements founded by the Shakers in the United States. Owen's reputation as a business man and the striking success of his welfare work at New Lanark ensured that his proposals were treated with respect by economists like Ricardo and by writers for the reviews. The criticism of the latter, based on current economic

teaching, brought Owen down from the high ground of first principles to the field of economic controversy. Their criticism was most effectively put in the form of a dilemma: either the communities were to supply their own wants or not; if they were to be self-supporting, they would not be large enough to provide all the wants of their members as cheaply as the ordinary sources of supply; if they were not, they could not be independent of the ordinary market and their members would thus be exposed to those very risks resulting from price fluctuation from which Owen desired to rescue them. Again it was asked: If the community was to be responsible for rearing the children and be sole land owner and capitalist where would be the necessity for parental prudence? Might it not become overpopulated? The reply of Owen to Malthus quoted above (p. 49) was no real answer, for it is based on the assumption for which there is no evidence, that increased returns can be got as easily in agriculture as in manufacture. Owen's belief in spade husbandry moreover was a conclusion based on no more than one experiment and was not supported by later research. In fact, his strongest economic argument was a negative one that profit-seeking competition, concerning which he could speak from a life's experience, was futile and wasteful.

Owen's pioneer work in education was in the realm of practice, not of theory. Undoubtedly, the chief source of his educational ideas was Rousseau; but he stated these ideas in an extreme form that could by no means be fully justified either then or later. He appeared to regard the child mind as something completely plastic in the educator's hands, and paid no attention whatever to heredity as a factor in character formation. As an advocate, Owen often threw away what advantages he gained by his persuasive manner, personal charm, and disinterestedness by introducing his views on various side-issues and outraging the prejudices of his audiences. He lost the ear of the bishops, statesmen, and other eminent persons, who had been at first sympathetic, when he went out of his way in 1817 to denounce all forms of organised religion, and at a later period he again incurred public hostility by propagating his unorthodox views on marriage. Although his influence endured longest in working-class movements his appeal was first made to statesmen and manufacturers. He was no democrat nor had he any faith in representative government. He was so optimistic and always so convinced of his own rightness that he easily assumed that people of wealth and influence would be willing and anxious, when once his plan had been explained to them, to carry it out in practice. It was only when he could make no real headway either with his plan or with the amelioration of factory conditions by legislation that he turned to the working classes and offered them the plan as a method of organised self help. His optimism and his unwavering belief that every crisis was the harbinger of a new Golden Age then served a useful end, for they sustained hope and resolution in the hearts of working people, and inspired again and again to constructive action those who might

The appearance in January, 1821, of a weekly paper, *The Economist*, was first evidence that Owen had disciples who seriously intended to popularise his ideas. *The Economist* was edited by George Mudie and designed to expound Owen's plan for the improvement of the welfare of the working classes. It ceased to appear after twelve months, but it set the term "co-operative society" in circulation and summed up its message in the phrase "unrestrained co-operation . . for every purpose of social life." In 1823, Abram Combe, the founder of the Orbiston community, published his book, "Old and New Systems." Of much greater importance, however, was the formation of the London Co-operative Society in October, 1824. The purpose of this society was not trade but propaganda. It organised public debates and lectures, published pamphlets, issued from 1826 to 1830 *The Co-operative Magazine*, and corresponded regularly with those interested in co-operation and community schemes in the provinces. The London Co-operative Society rendered the invaluable service of disentangling the idea of co-operation in industry from Owen's personal views on social institutions in general. In its first number, *The Co-operative Magazine* declared that it did not "propose to support Owenism but to call the attention of the public to the principles of mutual co-operation and equal distribution of which Mr. Owen is a powerful advocate." Owen was at this time in America organising his "New Harmony" community, and when he returned he found that his plan was not the only conceivable form of co-operation and his views by no means its only theoretical basis. From this time forward it becomes possible to discern sincere co-operators who were not fanatical Owenites, and one of the most notable of these, by reason of his originality, learning, and influence, was William Thompson, of Cork (1780 ?-1833).

William Thompson.

Scarcely anything is known of the early life of William Thompson. He practised no trade or profession. His remark that for 15 years he had been living upon rent, the produce of the labour of others, seems to place him among the landed gentry. He appears to have inherited, when about 30 years of age, an estate called Clonnkeen, in Co. Cork, and he bequeathed it at his death to trustees who were to organise a co-operative community upon it. A bachelor, almost ascetic in his manner of living, for he took no flesh-food, tobacco, or alcohol, he is shown by the wide learning of his writings to have been before everything a student. His training in social science he received at the hands, and in the house, of Jeremy Bentham himself, with whom he lived for several years. But although he must have been well acquainted with all the orthodox economic and social doctrines of the time as well as with their exponents, such as for instance, Ricardo, and James and John Stuart Mill, he was attracted very strongly by William Godwin, the anarchist, and Robert Owen, the communist. In fact, Thompson derived his conception of the purpose of social organisation as the greatest possible sum of human happiness from Bentham; his view of

government, as the organised power of the rich for the plunder of the poor, from Godwin; and his proposals for social reform, the establishment of voluntary communities of workers, from Owen. The development of his ideas becomes clear as soon as his chief writings are set out in the order of their publication. In 1824 appeared "An Inquiry into the Principles of the Distribution of Wealth most conducive to Human Happiness." In 1827 followed "Labour Rewarded—or How to Secure to Labour the Whole Product of Its Exertions." In 1830 came "Practical Directions for the Speedy and Economical Establishment of Communities."

Distribution of Wealth.

Thompson relates that he was provoked to write his treatise on the distribution of wealth by hearing another Irish gentleman recounting the blessings of the unequal distribution of wealth and a state of society in which the poor were subservient to and dependent on the rich. In Thompson's view, the superabundant pleasures of the rich, who were few, added less to the sum total of happiness in the community than was subtracted from it by the misery and privations of the poor, who were many. Since all men may be presumed equally capable of enjoying wealth, he argued that no community would be happier than the one in which the wealth is equally divided amongst its members. But such a community might still be poor. If the standard of comfort were to be the highest possible, the production of wealth must be also at its maximum. Labour, which Thompson called "the sole parent of wealth," had to be both enthusiastic and efficient. No more powerful incentive to hard work was known than security for the labourer to enjoy all that he produced, or its value. To reward labourers according to output, however, was to introduce inequality. The issue was thus, as Thompson put it: "How to reconcile equality with security, how to reconcile just distribution with continued production."

"Security," as Thompson used the term, meant that workers were to be free from all artificial hindrances to their doing those kinds of work that they judged most profitable and to their consuming, exchanging, or otherwise disposing of their produce as they wished. Therefore, he did not expect perfect equality either of incomes or of possessions to be ever attainable. The England of his day, however, where industry was directed by competitive capitalism, and the Government controlled by the propertied classes, was a society in which the lot of the workers was made insecure in order that an excessive inequality of wealth might be perpetuated in the interests of the wealthy and privileged. This "forced inequality" of wealth was the common parent of economic waste, moral degeneracy, and the abuse of political power. Wealth in excess, so far from making the rich happier than others, made them vicious; and their vices through imitation corrupted the rest of society. Much of the national income was wasted because it was enjoyed by the idle who did nothing to replace what they consumed. Workmen were drawn from the staple industries into luxury

trades catering for the wealthy man's and woman's expensive tastes and desire for distinction. When a sudden change of fashion left them without employment their discontent made them ready for any agitation no matter how misguided. The gulf between rich and poor was too wide for human sympathy to span, and so, when the rich, seeking to add "the pleasures of power" to those of wealth, took the reins of State, the poor might expect at their hands neither justice nor freedom, but misgovernment, oppression, and the rigid enforcement of privileges elevated into rights.

Labour Theory of Value.

In maintaining that labour was the sole parent of wealth, Thompson by no means excluded the brain worker; but he followed Ricardo in treating capital as stored-up labour, and accepted Ricardo's teaching that the values of goods in the market were determined by the labour spent in producing them. Thompson, however, drew the conclusion from this that the workers were the only producers, and that the mere owner of property, whether landlord or capitalist, had no just claim to share in the national income. The capitalist and landlord were able to assert a claim by force, that is, being in possession of the material means of production—land, plant, tools, and so forth—they could not merely compel labour to pay for the hire of them, but even buy labour at a price (or wage) that left the workers no more than barely enough to live on, and sell its produce for whatever it would fetch on the market and pocket the surplus. Starvation was the workers' only alternative to this hard bargain, for all the forces of the State were marshalled for the protection of the property owner. In the fifth chapter of "The Distribution of Wealth," a chapter omitted by William Pare from the edition of 1850 because of the revolutionary passions it might arouse, Thompson recounted the various legal devices by which the workers were plundered, that is, made to part with their produce in ways that they did not choose, and in which the natural freedom of labour to choose its vocation was infringed. They make a formidable list, and include game laws and royalties, taxation and forced military service, combination acts and settlement laws, apprenticeship and the reservation for the well-to-do of liberal education and careers in the church, the law, and medicine, tithes and inheritance, and the interest on public debts. Thompson hoped for very little from Government, as he knew it. In fact, he indicated it as the worst plunderer of all. Unlike Owen, he hoped still less from the benevolence of the comfortable classes. "Whatever plunder is saved from the hand of political power will be levied in another way under the name of profit by capitalists, who, while capitalists must be always law makers."

Labour's Right to the Whole Produce.

When he came to discuss remedies Thompson advocated representative government in which women enjoyed equal rights with men. Representative government would make an end of privilege, and in no sphere was the abolition of privilege more urgent than in education. Like all the early co-operators, Thompson was an ardent believer in

education, for adults no less than for children. Yet neither education nor representative Government would avail by themselves to effect any radical change. The root of the evil was in the economic system. The foundation of modern economic organisation, as Thompson and Thomas Hodgskin, his contemporary and fellow critic of the political economists, saw, was that groups of workers are simultaneously engaged in labouring to supply one another's wants. Their employers, the capitalists, were middlemen interposing themselves between these groups and making profits by buying labour of one group and selling the product to the others. If the workers could organise themselves without the employer they need no longer pay toll in the shape of profit, but enjoy "the whole produce of their labour." In *The Co-operative Magazine* for November, 1826, he addressed the working classes as follows:—

> "Would you like yourselves to be the possessors in a few years of the land from which your labour extracts food and materials, of the houses in which you live, of all the machinery and raw materials necessary to render your labour productive? Would you like by these means to enjoy yourselves the whole product of your labour; and to obtain from that labour every means of comfort and enjoyment which rational beings would deem it worth their while to take the trouble of producing?
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> If you would like to acquire these things you have nothing more to do than simply to alter the direction of your labour. Instead of working for you know not whom, work for each other. Instead of all of you making silks, or shoes, or cottons, let some raise food, let some make and keep in repair your dwellings, manufacturing buildings, machinery, and furniture, let others make your clothing of linen, woollen, and cotton cloths, shoes, stockings, hats, &c., and let some of you continue to make silks or other articles in general demand for acquiring by exchange those articles of convenience or comfort which our climate or soil will not permit to be produced at home, or for the payment of necessary charges, or dispose of the surplus articles of your ordinary consumption for these purposes. Or let a competent number of your silk weavers join a much larger number of agriculturists and other artisans and thus supply each other's wants, being producers and consumers, masters and employers, to each other."

The self-supporting colony of workers advocated by Owen was in Thompson's view a means whereby bodies of workers might enjoy the whole product of their labour. There would be no employer in the community, for labour would be co-operative and directed by elected *officers, and there would thus be no receiver of profit. If, ultimately,* the community became the sole proprietor of the land and capital it needed, it would part with none of its produce in the shape of rent or interest. In addition to secondary advantages, such as the elimination of unemployment and other kinds of economic waste by equalising the demand and supply and bringing producers nearer to consumers,

the organisation of communities would offer the best solution of the problem of reconciling equality with security. The community which had no place for capitalists within, would make all its members alike safe from the exactions of the capitalist without, and by making the supply of all necessary and many other things services which all might freely use on equal terms, provide them as nearly as may be with equal enjoyments.

The foregoing summary of Thompson's teaching omits much that is interesting and even important. His opinions on the futility of attempting an economic revolution by force, his emphasis on the fact that Co-operation destroys old economic values only by creating new ones, dispossessing the rich by building up a new society independently of their wealth, his view of the need for co-operators to use the power of Government to protect their constructive work, and his plea for sex equality cannot be illustrated here, but they had their influence upon both the thought and the action of the early co-operators.

Thompson's opinions on the practical steps to be taken to form a community differed from Owen's in one important point, namely, the amount of capital necessary with which to begin. Whereas Owen, as time went on, named ever larger sums, Thompson seems to have endeavoured to find out on how little capital a community might be started to have a reasonable prospect of success. While Owen at one time maintained that almost a quarter of a million sterling was necessary, and objected to almost every project because the capital to be raised was insufficient, Thompson held that success was possible on an initial capital of five or six thousand pounds. The latter sum was on the face of it too much for any body of wage-earning workers to hope to get together in a reasonable time, and Thompson, in spite of all his research, was unable to tell them how they might best attempt to do it. The missing stepping-stone was supplied by the working men themselves, and their discovery was made generally known by the writings of Dr. William King (1786-1865).

Dr. William King.

Dr. King, a physician, who practised over 40 years at Brighton, seems to have become a co-operator through his acquaintance with the members of a Mechanics' Institute founded there in 1825. A student of history and economics in his college days, Dr. King not only became known in Brighton as the poor man's physician but also as an active promoter of all projects from which the working population was most likely to benefit. The Mechanics' Institutes would doubtless attract the most thoughtful and sensible of working men, who, however much they may have desired knowledge for its own sake, could not very well refrain from discussing the practical problem of improving their standard of living. Thanks to the propaganda of the London Co-operative Society there was in Brighton an exponent of Co-operation by name William Bryan, under whose leadership the Brighton Co-operative Benevolent Fund Association was formed in April and the Co-operative Trading Association in July, 1827. Dr. King's knowledge that the

members needed guidance in thinking out their policy and its ultimate ends led him to begin in May, 1828, the publication once a month of a four-page tract in which he explained the co-operators' plan of campaign, discussed the consequences of the spread of Co-operation for society at large, pointed out dangerous pitfalls, and suggested a suitable system of education.

"The Co-operator."

Dr. King accepted the self-supporting and self-governing community as the proper form that Co-operation should take, but his first object was to show working men how they could begin to work towards community organisation, which their lack of capital seemed to place entirely beyond their reach. "The great beauty of Co-operation," he wrote, "is that it may be begun without any capital at all. A man wants nothing but his wages and an honest companion.

> "If they can find a third to join them they may say a threefold cord is not soon broken. They may subscribe weekly towards a common fund to provide against sickness or want of work. They may market for each other. They may buy a large quantity of goods at once, and so get an abatement of price—which abatement they may throw into a common stock. If they are of different trades they may make domestic articles of comfort for each other, and exchange them. They may do this at odd times, or after work hours.
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> "If a number of workmen were to join together upon these principles their capital would be greater and they might do greater things. They might have a shop of their own, where they might deal for everything they wanted. Their shop would enter into competition with other shops in serving the public. As the business increased, the profits and the capital would increase. As the capital increased, it would employ the members of the society in any way which might be deemed most advantageous. If there was a profitable demand in the public for any particular commodity the members might manufacture it. If the profits of manufactures were not high enough to make it worth producing them, the members might easily raise their own food by hiring or purchasing land and becoming part of them agriculturists instead of manufacturers."

Long before such a society would be able to acquire land it would be able to provide the best instruction for the children of its members. Dr. King took no narrow view of Co-operation; he saw that the same principle underlay the friendly societies. These he criticised, however, because they neglected to employ their accumulated funds in co-operative industry. They should not invest these funds at interest but use them to acquire land or capital upon which the labour of their unemployed members might be occupied, thus simultaneously increasing them at a more rapid rate and setting workmen free from dependence upon the private employer and raising the general level of wages.

The later numbers of *The Co-operator* discuss Co-operation in its bearings upon the life of society at large. Dr. King answers the followers of Malthus by asserting that the cause of poverty is not over-population but over-production, that is, the wrongful direction of productive effort by capitalists, and that the remedy is not to preach prudent marriage to working men but through co-operative organisation to transform them all into capitalists so that they may cultivate foresight as a habit. He discusses individualism in order that he may show that its mission was to create the freedom without which Co-operation cannot grow, and that it is competition for employment and not the competition of business men in reducing costs of production that working men had to bring to an end. He claims that Co-operation furthers the end of good government by increasing production, developing intelligence, and refining and elevating character in these words :—

> "Co-operation is favourable to production; for what does it propose to do but to better the condition of the working classes and even of the very lowest of the community? And how is this to be done but by a new and increased production of all kinds of wealth, of food, clothing, manufactures, and houses? Nothing will be taken away from the wealth already in existence. No demands will be made upon the property of present capitalists, but a new capital will be saved and produced and accumulated upon which future workmen will be able to better their condition permanently, by working for themselves on their own capital without hanging as a perpetual dead weight upon present capitalists, in the shape of charity and poor rates.
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> "Co-operation cannot proceed without intelligence. The moment men, even workmen, assemble to consider how their affairs can be best managed as a matter of business their minds receive new impulse, new ideas, new motives, new objects. They are obliged to exercise their judgment, to weigh and balance probabilities—to count the profit and loss—and to acquire a knowledge of human character. These are the same qualities which are called into exercise in the highest situations in society. They may differ in degree but do not differ in kind. While a person merely works for wages he has only to obey orders and put forth his physical strength or to understand and direct a machine; but whoever undertakes to manage any business, however small, must call into use all the powers of his mind, must begin to use judgment, discretion, and invention, and must accordingly cultivate these qualities in exact proportion to the extent of his concerns.
>
> "The greatest and most beneficial efforts of Co-operation will be upon the moral character; and here those effects will be mighty. Practical co-operation (as distinguished from that absurd theoretic co-operation which has been talked of

so long and to so little purpose) goes directly to improve the moral and religious character of men. This is the final end and consummation of the cause. Were there nothing else to recommend it, and were the chances of such an effect ever so trifling, the experiment would deserve encouragement in the present forlorn and hopeless state of society."

In the following passage he anticipates the teaching of a later school of co-operative thought :—

"Co-operation is inconsistent with the selfish passions of our nature, with all low and idle pursuits, with all waste of precious time, with all indulgences in mere animal gratification, with all infringements of the rights and properties of others, with all malice and illwill towards them for any difference of taste, pursuit, or opinion. We need not say that on all these points the spirit of the gospel is precisely the same.

"The spirit of the gospel and the spirit of Co-operation are both of them new principles introduced into the world at different periods, and of course upon a different authority; but both opposed to the common spirit of the world, both holding out peculiar rewards for the adoption of their principles, and both contending with peculiar difficulties in consequence of their opposing the selfish principles of man and appealing to his higher feelings and faculties."

Another extract will show Dr. King's grasp of the true basis of co-operative education :—

"The time is fast coming when mere theory on the subject of human virtue, happiness, and religion will not satisfy human wants. The man of theory must be also a man of practice; he must live by the side of his fellow christian and teach him by example as well as by words. The author of Christianity was not a mere teacher; he lived with the people he wished to instruct; they saw him in private as well as in public; they became familiar with his character till it wove itself partially into their own. Such must one day be the character and conduct of the disciple of this master; he must teach by his life and must give to the circle around him the vital impress of his own sentiment and his own intelligence."

In Dr. King's co-operative theory the wagon of joint shopkeeping is hitched to the star of a noble social ideal. The idea of cheapening the price of goods by co-operative store keeping, which came from the common sense of the working classes, is linked to the idea of community organisation, which came from the Utopian vision of Owen and Thompson, by means of the idea of capitalising the savings of mutual trading and co-operative labour, which appealed to the practical mind of Dr. King. The clear and homely English in which *The Co-operator* was written, and the disinterested enthusiasm and goodwill that pervade every number of it, made the little series of tracts an admirable guide

to the working-men co-operators of its day. If they had but minded its shrewd advice to pay cash for their goods, to keep proper accounts and have them properly audited, and to attend to their own education, many more societies would have survived from that period into the present. Dr. King accepted in the main the economic ideas of his time and many of his arguments seem quaint and old-fashioned. But as a philosopher he has many valuable lessons to teach co-operators of all generations. Many of his definitions and descriptions can be bettered with difficulty even now :—

"The combination which Co-operation inculcates is not one of the poor against the rich, nor of workmen against masters; but is a rational application of the principle upon which every man acts and is directed to act, that of bettering his condition. It is this principle which has raised mankind from barbarism to civilisation, and which will one day raise them from pauperism to co-operative independence.

"Whatever may be thought of individual possessors of power there can be no doubt that the great end of government is the protection of property. If there is none but individual property, government must protect that. As common property starts up in the shape of partnerships, corporations, companies, benefit societies, government protects that, and co-operative societies will have their property protected in the same manner.

"Co-operation is a voluntary act, and all the power in the world cannot make it compulsory; nor is it desirable that it should depend upon any power but its own. For if Co-operation (it seems likely) is to be the form which the greater part of the world is destined to assume the interference of governments would only cramp its energies and misdirect them."

Here there is no space to examine the ideas of the lesser and often anonymous makers of co-operative theory who contributed to such periodicals as *The Co-operative Miscellany* and *The Crisis*, or even of writers like Minter Morgan who wrote "The Revolt of the Bees," and John Gray and Charles Bray who worked on the labour theory of value. Enough has been said, however, of the writings of the three thinkers here considered to show what ideas and ideals inspired the practical experiments to be described in the next chapter. The characteristic features of co-operative theory and the co-operative attitude to the social question plainly appear in all three of them. They present Co-operation as a movement which, although revolutionary in its aims, is pacific in its methods. While not disdaining the help that legislation might afford they insisted that the true foundation of a co-operative commonwealth was voluntary economic organisation. And if they were too sanguine in believing that co-operative communal life could be rapidly realised they did not fail to teach that co-operative communities could grow and endure only so far as their members could acquire through education the habit of acting in concert and an understanding of co-operative principles.

CHAPTER VI.

THE EARLY CO-OPERATIVE MOVEMENT.

Co-operative experiments inspired by the ideas discussed in the previous chapter began soon after 1820, and took the form first of co-operative colonies and later of co-operative workshops, labour exchanges, and stores. Simultaneously with the appearance of George Mudie's "Economist" in 1821 was launched the London Co-operative and Economical Society. The object of this society was to secure many of the economies of joint housekeeping and associated labour by organising a group of people who were to live close together in one part of London. The founders drew up an elaborate scheme according to which food, clothes, house room, and education were to be provided for two hundred and fifty families at a cost of one guinea per week each. Nothing was accomplished beyond the opening of a store which had neither a long nor a successful existence. By 1823 all had disappeared. The same fate befell the Edinburgh Practical Society which was also founded in 1821 by Abram Combe and Archibald James Hamilton, of Dalzell, and collapsed within the year. It is reported to have had a membership of over five hundred families and to have conducted a school and evening classes for adults. Neither of these experiments could be said to have begun a movement.

Between 1825 and 1827 when Owen and Thompson were their only prophets and teachers, co-operative pioneers directed their practical efforts almost entirely to the plantation of co-operative colonies or communities on the land. They endeavoured to realise their co-operative ideal at a single stroke by collecting capital, acquiring land, and gathering together a band of colonists who were willing to settle on the land and organise their common life on co-operative principles. The co-operative periodicals of these days contain reports of communities founded or planned near Exeter, Dublin, Wigan, London, and at Orbiston, near Motherwell. The history of this last can be traced in *The Co-operative Magazine*, published by the London Co-operative Society, and in its own journal, *The Orbiston Register*. Of the others little is known. In 1831 an important attempt at community organisation was made at Ralahine in County Clare. Ten years after Orbiston, interest in communities awoke again in England. One experiment at Manea Fen, near Wisbech, was discountenanced by leading co-operators but between 1839 and 1845 the Owenites made their most determined and persistent attempt to establish a colony at Queenwood, near Tytherley, in Hampshire. Since more is known of Orbiston, Ralahine, and Queenwood than of all the rest the principal facts concerning them are here set down.

Co-operative Communities.

1. Orbiston.

The Orbiston Community was founded by Abram Combe in 1825. In order to raise the necessary funds he organised a company with a capital of £50,000, divided into shares of £250 each. As trustee of the Company, Combe purchased the Orbiston estate of 291 acres from General John Hamilton, whose son, A. J. Hamilton, was an enthusiastic supporter of the project, for £19,995. The intention was to let the estate and buildings to be erected upon it to the colonists who would be organised as the Orbiston Community. Work was begun in March, 1825, on two buildings. One of them, a rectangular structure with wings, very like some of the older workhouses, 680 feet long, 50 feet wide, and four storeys high, was to house the community. In the centre, were the dining and lecture rooms and other common rooms, and at each end living apartments. The other building, five storeys high, was designed for workshops. By March, 1826, about a third of the main building was habitable and the workshops well advanced, and the proprietors judged that a large enough number of colonists for a beginning could be installed, and that they could extend the building by their own labour as their numbers increased. Accordingly, on the 10th of April, about a hundred colonists under Combe's superintendence took possession.

The start was unpromising. The colonists were a miscellaneous collection of people from various parts of England and Scotland. The majority had no notion whatever of the lines upon which Combe intended the community to be managed, and expected not to work for the community in return for their sustenance but to be paid ordinary wages. Many accepted the ideas of common ownership and equal incomes when Combe explained them, but they were careful to avoid getting an equal share of the work. The resultant discontent was increased by the common dining room, where two classes of meals were served at one time. Although there were 50 men available who could use a spade, the spring slipped away with scarcely any land cultivated. Combe, whose principles made him hesitate to expel the idle and the rowdy, was forced to wait until they came to realise that no work meant no subsistence, and rely on the force of his own example in working some hours every day at trenching a plot of land. The one success was the iron foundry, partly because the best of the skilled tradesmen were interested in it, and partly because Combe swallowed his principles and allowed the workers in this department to receive, over and above subsistence wages, a share in the profit which was credited to them as share capital. The foundry group was thus harmonious and successful; and, later, the gardeners, shoemakers, builders, printers, and bookbinders were organised in a similar fashion. From August, 1826, the *Orbiston Register*, the monthly paper in which Combe reported the progress of the experiment, was printed at Orbiston.

At the end of August, Combe, worn down by anxiety and overwork, had to retire to Edinburgh, and henceforward guided the community from a distance. He never returned to it. A. J. Hamilton continued to supervise it; Henry Kirkpatrick edited the *Register*; and eventually William Combe, brother of Abram, became superintendent. William was not the equal of his brother, and was unable to pull the Community together. Kirkpatrick, an enthusiast for Owen's system, advocated through the *Register* his view that the colonists should hold property in common and share the results of their labour equally. He thus provoked a bitter controversy that raged as long as the Community lasted. The equal division party led by enthusiasts, like Kirkpatrick and Alexander Campbell, but composed mostly of idlers, carried the day. But equal sharing and a revised constitution brought no greater prosperity. The harvest of 1827 was good but no more than 75 acres were cropped. The standard of living in the Community declined. The company, having lost confidence in the colonists, refused to find any more capital for improvements and extensions. In August Abram Combe died; and William Combe, pressed by Abram's creditors who had advanced the purchase price of the estate, realised that Orbiston would have to be sold. In December he ordered the Community to disband.

2. Ralahine.

The Community at Ralahine owed its existence to Robert Owen's visit to Ireland in 1823. His lectures in Dublin converted to his views an Irish landlord with estates in County Clare, by name John Scott Vandeleur. Continual trouble with his tenants induced Vandeleur in 1830 to begin the erection of buildings that might serve as homes and workshops for his tenants if they could be organised in a co-operative community. Whilst these preparations were being made Hastings, Vandeleur's steward, was murdered. Undeterred, Vandeleur journeyed to England and returned with a young Owenite, E. T. Craig, who, whilst acting as steward, was to establish "the new system." In November, 1831, Vandeleur explained his scheme to a meeting of tenants. All the residents on the Ralahine estate were to become members of the Ralahine Co-operative Agricultural and Manufacturing Society, of which Vandeleur was to be president and Craig secretary. The office of steward was abolished. After every name had been submitted to a ballot, those present, 40 in all, became members. Only 18 were efficient labouring men. The rest were women and children of various ages. The society became the tenant of the estate and agreed to pay Vandeleur, as landlord, an annual amount of produce worth altogether £900, which comprised £700 as rent of land and £200 as interest on buildings and implements. The remainder of the produce raised on the estate was the society's own.

The members inhabited the newly-constructed buildings and a committee elected by them directed the work, both indoor and outdoor, wages being fixed at the daily rates prevailing in the district. The

women earned their own living by attending to the community's domestic services. A store was opened for the supply of members' personal requirements. Wages were paid in labour notes exchangeable at the store, but members could obtain cash for the notes if they wished to spend elsewhere. This system was a resounding success for two years. The society not merely paid Vandeleur's rent and interest with ease, but improved both the land and the standard of comfort of its members. Gambling, drinking, and smoking were prohibited by rule, and Vandeleur was called upon no more than once to exercise his power to expel a member. The membership of the society doubled, and a schoolmistress was appointed to teach the children after the fashion of Owen's school at New Lanark. In November, 1833, there fell a bolt out of a clear sky. News came that Vandeleur had gambled away all his property and had fled the country. His creditors seized the estate. The society was not in law a body corporate and was thus not recognised as a tenant. Its members received no compensation for their improvements, for tenant-right was unknown in Southern Ireland at this time. The estate in the end passed into the hands of another family of Vandeleurs who reintroduced the old steward system.

3. Queenwood.

The Queenwood Community was an experiment directed for some time by Robert Owen himself, and officially supported by the whole Owenite socialist movement which at this time comprised from seventy to one hundred thousand members, organised under the name of the Association of all Classes of All Nations. A National Community Friendly Society, set up in 1837 within the former association, organised the collection of subscriptions at the rate of one shilling and upwards per week in order to provide capital. Members who subscribed £50 were eligible to go on the land. A committee of three, appointed in 1838 to negotiate for an estate, arranged to rent two farms, called Queenwood, 301 acres, and Buckholt, 232 acres, at East Tytherly, for £350 per annum. The committee also paid £1,694 for stock, and took possession on the 1st of October, 1839. Robert Owen who protested that the capital collected was insufficient and the start premature, consented to become governor because he saw that to refuse would lead to divisions in the society. Work on the farms was continued with ordinary labourers, and as soon as the building intended for the school was erected, three officials, namely, a deputy governor, an agricultural manager, and a resident trustee took up their abode at Queenwood, and colonists, mainly skilled workers from the various branches of the Association, were settled in it. The land, though poor, was capable of improvement. Gardens were laid out and well cultivated. The colonists were not only good tradesmen but thoroughly decent people. The original idea was to bring to Queenwood skilled artisans working in various light manufactures such as watchmaking, whose industry might bring an income in the Community. Nevertheless, the capital was insufficient even for this.

Early in 1841, it was clear that if the experiment was to go on, capital in much larger amounts must be raised. The enthusiasts thereupon formed a Home Colonisation Society, with Owen as president, which collected some thousands of pounds and virtually displaced the Community Friendly Society as governing body. For a time the Community appeared to gain new life. In 1842 the main building, called by Owen, Harmony Hall, with the initials C.M. (Commencement of the Millennium) inscribed over the main door, was erected. More farms were taken over. A school was organised and children were sent to it as boarders. Non-working residents were also accepted for the sake of the income to be derived from their board and lodging. But by August the Community was faced by another crisis, and a special congress was summoned. Robert Owen, who as president and governor was all but an autocrat, resigned, and was succeeded as governor by John Finch. Finch's task was really hopeless. If the community was not developed it would become a total failure, but it could not be developed because the capital was not to be had. The propaganda funds of the movement had been drained to feed the community, and with the slackening of propaganda, interest declined, and the flow of money from the branches dried up. Moreover, trade was bad, and the working people who were the backbone of the society could not afford subscriptions. Finch resigned in 1843 through ill-health, and was succeeded by William Pare. By this time it was clear that the measures taken to keep the experiment financially afloat were carrying it further and further away from its real objects. The members of the Association would pinch themselves to pay subscriptions to a community but not to a boarding school; and in 1844 yet another governor, a Manchester man called Buxton, who stood for a return to the original ideal, was appointed by the congress. Buxton's period of office lasted until September, 1845, by which time the liabilities had risen to close upon £40,000, while the assets might be perhaps equal to one-third of that sum. The trustees, upon whom rested the financial responsibility, then intervened and closed down the community lest worse befall.

Why the Communities Collapsed.

Co-operators to this day cannot agree upon the reasons for the collapse of the home colonies or the moral which is to be drawn from their failure. Some assert that, in view of Robert Owen's statement, that a successful community required a capital of £240,000, none of them were adequately capitalised. Others, remembering that William Thompson believed that a beginning might be made with £6,000 with good hope of success, are inclined to blame the rash employment of the capital and point to the foolishness of building Harmony Hall before the Queenwood farms were an assured success, and the erection of the huge buildings known to the country folk as "Babylon" and "Jericho" before so much as a quarter of the Orbiston estate had been cultivated. Truly, the directors of these experiments seemed at times to ignore the difference between capital and income and to rely more on hope

than wisdom in framing a policy. Others again, with Orbiston and Queenwood in mind, indicate the numbers of non-working colonists and ask whether success was ever likely with such people as assembled at Orbiston. It has been urged also that the land chosen was often poor, that control at Orbiston was weak, and at Queenwood at first divided and afterwards too autocratic, and that an element of sheer bad fortune as, for example, Combe's death and Vandeleur's bankruptcy, dogged all the experiments.

But the real, if brief, success at Ralahine inclines us to seek for factors that were present there but not elsewhere, and two of prime importance can be found. Firstly, Ralahine was not an attempt to weld into a community a haphazard assembly of people from all parts, of all trades, and nurtured in widely different traditions, whose sole bond of union was adherence to a common social creed, if so much. It was simply the reorganisation of the life of a much older community whose members already had much in common and who knew one another as only country folk can. Secondly, although there were but 18 efficient labourers at Ralahine, these had been reared on the land and could earn a living on it, on the very land, in fact, that they were to cultivate as a society. Because at Ralahine agriculture was prosperous, the whole community was prosperous, and grew, and held out promise of further growth and permanent success. As William Pare said: " experienced productive labourers " were the vital need of a community in its early stages, and these were not available in sufficient numbers in the English colonies. Nevertheless, when every allowance is made for the absence of businesslike leadership, ample capital, well-selected colonists, and good sites, there still remains a doubt whether the home colonies were really the right type of co-operative organisation for the times. There seems to be truth in the argument which the economists put to Owen that the communities were not large enough to be economical by modern standards. It is remarkable how much they had to depend on outside markets in order to maintain themselves. Their power to support themselves was much less than had been imagined, and this seems to suggest that in an industrial world in which division of labour, localisation of industry, and the divorce of consumer from producer were becoming ever more pronounced, the self-supporting community was out of date even when Owen suggested it, and that if any communities had achieved success and stability for some years, they would not have been able in the end to stand against the stream of economic progress.

Trading Associations.

Home colonies were necessarily the least numerous type of co-operative experiment, and they absorbed only a portion of the energy of the early co-operators. Most co-operators were occupied with less ambitious organisations which would serve either as a substitute for community life or as means of collecting the large sums of capital, without which, community on land was unattainable. During the

four lean years that followed the commercial crisis of 1825 the propaganda of the London Co-operative Society made headway amongst working men. Trade unions, sick benefit societies, and Mechanics' Institutes were all increasing and wherever these brought working people together co-operative ideas were sooner or later discussed and practical ventures planned. A letter dated April 12th, 1827, and signed W. Bryan, which appeared in *The Co-operative Magazine* marks the beginning of an important movement. Bryan wrote in order to announce the formation of the Brighton Co-operative Benevolent Fund Association, the objects of which were "to raise by a small weekly contribution a fund for the purpose of enabling proper persons (who have not themselves the means) to join co-operative communities, but giving the whole or part of the capital, as the circumstances of the individual may require; and, secondly, to spread a knowledge of the co-operative system." A second letter from Bryan in which he pointed out the economies made possible by co-operative buying and distribution and the ease with which by these means working people could accumulate enough capital to start a community within a few years, foreshadowed the next step. In July, 1827, Bryan and his friends formed a Co-operative Trading Association which before long was an undoubted success. Within twelve months its sales began to approach £40 a week and similar societies were established in neighbouring towns in Kent and Sussex. The success of the society was advertised by *The Co-operative Magazine* and became still more widely known when Dr. King, who had taught and counselled Bryan and his comrades, began to publish *The Co-operator*. *The Co-operator* circulated widely in the Midlands and the North, kindling the enthusiasm of men like William Pare, of Birmingham, and Thomas Hirst, of Huddersfield. Wherever it was read, trading associations began to spring up, for what it proposed was only an extension of the familiar practice of the Friendly Society, namely, building up common funds by means of weekly subscriptions, and it made clear in plain homely English what was the best way to employ these funds. Before the year 1828 was past, Dr. King knew of nine trading associations. By the end of 1829 he had recorded the formation of one hundred and thirty, and by August, 1830, when he ceased to publish *The Co-operator*, he claimed that three hundred societies were in existence.

Co-operative Production.

Meanwhile the Brighton Trading Association had embarked upon production by taking a lease of 28 acres of land which some of its members cultivated as a nursery and market garden. Its example was followed by very many other societies which began to employ skilled craftsmen among their members in making such articles as shoes and clothes for the rest. In those parts of the country, and especially in Lancashire and Yorkshire, where local industries were of long standing, and contention between employers and employed was bitter and continual,

many societies began manufacturing on a small scale, according to William Lovett, "broadcloth, silk, linen, and worsted goods, shoes, hats, cutlery, furniture, &c.," and so were able to add the profits of production to those of retail trade. Thomas Hirst boasted at a co-operative congress in 1832 that he was wearing a co-operative shirt, a co-operative coat, and a co-operative waistcoat. In the same year the Friendly Co-operative Society of Rochdale was announcing in *The Lancashire and Yorkshire Co-operator* that "in consequence of the unprecedented depression of the Flannel Trade, several of their members have been thrown out of employment; and in order to rescue these from actual starvation the society has been induced to commence manufacturing on an extensive scale in the above business in confident expectation of the support of their fellow-co-operators." Unemployment and ill-treatment spurred workmen in other places to begin manufactures without passing through the preliminary stage of retail trade. One such was a society of dyers in Manchester, described in *The Crisis*. G. J. Holyoake also mentions a society of Manchester people who attempted agriculture on Chat Moss. Most of the associations that were formed, however, lived and died unrecorded.

Wholesale Trade.

Manufacturing enterprise brought co-operators face to face with another problem. The artisans whom the societies set to work soon found that they were capable of turning out more goods than their fellow-members could afford to buy, and, like the Rochdale flannel weavers, had to seek markets in other societies if they were to be kept constantly employed. Co-operators needed, therefore, some system of exchanging surplus productions, and the first co-operative congress, which met at Manchester in 1831, decided upon Robert Owen's motion, to set up "various wholesale trading companies." Operating from the important seaports these companies, capitalised by the societies trading with them, were "to purchase and sell every article of consumption" and "promote the sale and exchange of co-operative manufactures and other produce." Only one such society, the North-West of England United Co-operative Company, was ever established, for enthusiasm had cooled before the next congress and Robert Owen was, after his manner, doubtful whether there was sufficient trade to guarantee success. The North-West Company, however, collected £500 worth of capital, affiliated societies taking out £20 in shares for every 100 of their own members, and in December, 1831, began business in a warehouse at Liverpool. It presented a hopeful report to the third congress held in London in the spring of 1832, and claimed to have over 20 society members and to do business with over 30. The next report presented to the Liverpool Congress in October, 1832, was even more sanguine, early losses having been made good; but between this and the following congress the company collapsed from causes now unknown.

Equitable Labour Exchanges.

Another expedient for helping societies to dispose of their surplus produce was the exchange bazaar. Labour Exchanges had at first chiefly interested such people as trade-unionists who had to contend with unemployment. *The Co-operative Magazine* for September, 1827, contained a letter from W. King, a well-known trade-unionist, describing a "union exchange society" which had been recently set up by a number of artisans. Unemployed workmen of different trades were often in need of one another's products. The out-of-work tailor needed shoes, the shoemaker was in want of a coat. The Labour Exchange or, as it was sometimes called, the Labour Bank, was a means of setting them to work supplying each other's wants. Having made a coat or a pair of shoes the workman could deposit them in the exchange and draw from it other goods to an equal value. The goods were valued at ordinary market prices on which the society charged a small percentage to cover its expenses. The more ambitious bazaars which appeared from 1830 onwards did business with co-operative workshops as well as with individual workmen. A bazaar opened in Hatton Garden in 1830 was helped by Lady Noel Byron with a donation of £100. Shortly afterwards, similar establishments were set up in Portland Road, and the Gothic Hall, New Road. The success of these gave rise to a demand for development on a more ample scale, and Robert Owen's interest in the idea resulted in the establishment of the celebrated National Equitable Labour Exchange in the Gray's Inn Road in 1832. Brilliantly successful for a few months, this exchange was turned out of its premises by its landlord, who attempted to organise a similar exchange for his own profit. The Equitable Exchange attempted to carry on its business at Charlotte Street, Fitzroy Square, but it steadily declined. Other exchanges which were for a time prosperous were set up in Birmingham, Sheffield, Glasgow, and other large towns. In Halifax and Manchester, however, it was considered that the trades were not varied enough to justify the experiment.

The Labour Exchanges assumed the title of "equitable," because they attempted to apply the labour theory of value. They paid for goods deposited in labour notes, a paper currency of their own, the unit of which was an hour's labour, and so claimed to give the worker the full value of his work. In practice, however, they found it necessary to turn their theory upside down, and instead of reckoning values according to labour time, calculated the number of hours from the market price. It was impracticable simply to pay the workman the number of hours he said he had spent in making an article, and the committee appointed to assess values, in the absence of any other means of judging, fell back upon the price that a similar article would fetch on the ordinary market, and reckoned the labour time at the rate of sixpence an hour. In the early days of the Gray's Inn Road Exchange, the labour notes were for a time better value than ordinary money, but not for long. Astute shopkeepers and other tradespeople secured the labour notes by offering to accept them for goods, used them to withdraw from the exchanges

everything that was saleable, and when the exchanges were glutted with inferior and badly-made articles, refused to accept any more. It is probable, however, that the exchanges, in spite of their early success, would have collapsed from internal defects even if they had not been exploited by the traders. From the very beginning they were unable to supply their members with much food, which was what they needed most of all. Moreover, since unemployment was chiefly the result of trade depression, the influx of workers not required by private employers would cause the exchanges to be stocked with *just those* sorts of goods that were at the time difficult to sell in the ordinary market. As a remedy for unemployment the exchanges were, therefore, useless.

The opening of the Equitable Labour Exchange marks the period of the early Co-operative Movement's greatest activity. The number and variety of the experiments attempted shows the Movement to have been rich in enthusiasm and enterprise. Its weakness was lack of unity and cohesion. It never succeeded in creating a truly national organisation, but consisted to the end of loosely-connected regional groupings. Lancashire and Yorkshire co-operators, separated only by a range of hills, could mix comparatively freely with one another; but they were almost totally cut off from their comrades in London, Birmingham, and Scotland before the era of the penny post and the parliamentary train. Two delegates from Glasgow walked almost three hundred miles in order to attend the Birmingham Congress. Propaganda was thus left to societies of individuals such as the London Co-operative Society and its successor, the British Association for Promoting Co-operative Knowledge, formed in London in 1829. Co-operative periodicals with few exceptions were not official organs, but, like Dr. King's *Co-operator* and Robert Owen's *Crisis* (1832), the outcome of individual enterprise. The great majority, such as the *Lancashire and Yorkshire Co-operator*, could not expect more than a local circulation. The law, by making journals reporting news less than 28 days old liable to newspaper stamp duty, practically restricted co-operators to the issue of monthly magazines. But full use was not made even of limited opportunities. Co-operative periodicals were generally poorly written, unskilfully edited, and sold at too high a price for working people, and so did less than they might have done to weld the sections of the Movement together.

Co-operative Congresses.

The series of congresses held between the years 1831 and 1835 represent the highest achievement of the early co-operators in the direction of national unity. The first was held at Manchester in 1831, and the second at Birmingham in the same year. In 1832, also, there were two congresses, one in the spring in London, and the other in the autumn in Liverpool. The London Congress exceeds all the rest in importance because of its attempts to clear away the confusion which existed both inside and outside the Movement concerning the true aims

and right practice of Co-operation. First of all, it endeavoured to distinguish between the idea of Co-operation and the opinions of individual co-operators by passing a resolution in the following terms :—

> "Whereas the co-operative world contains persons of all religious sects and of all political parties, it is unanimously resolved that co-operators as such are not identified with any religious, irreligious, or political tenets whatever, neither those of Mr. Owen nor any other individual."

Next, it was constrained by the number of business failures and desertions of co-operative principle amongst the societies to frame a statement of aims and principles which should serve as a guide to struggling societies in drawing up their rules and conducting their business. Extracts from this statement passed by the congress in the form of resolutions are here given :—

> "Let it be universally understood that the grand ultimate object of all co-operative soceities, whether engaged in trading, manufacturing, or agricultural pursuits, is community on land.
>
> "To effect this important purpose a weekly subscription, either in money, goods, or labour, from a penny to any other amount agreed upon, is indispensably necessary to be continued from year to year until a capital sufficient to accomplish the object of the society be accumulated.
>
> "The capital accumulated by such associations should be rendered indivisible, and any trading societies formed for the accumulation of profits with a view to the merely making a dividend thereof at some future period cannot be recognised by this conference as identified with the co-operative world nor admitted into the great social family which is now rapidly advancing to a state of independent and equalised community."

The London Congress also dealt with the problem of propaganda and resolved upon the division of the British Isles into nine districts in each of which a district council and secretary were to be appointed for the purpose of organising propaganda. The fifth congress was held at Huddersfield in 1833, the sixth at Barnsley in 1834, and the seventh at Halifax in 1835. It is doubtful whether the deliberations of these congresses amounted to much more than academic debates or their resolutions to anything more than gestures. They generated enthusiasm amongst the faithful, but a central executive which by continuous pressure on the societies would bring the Movement as a whole into line with congress resolutions, was lacking.

Handicaps of the Early Movement.

Just as the societies failed to achieve lasting unity, so their members were incapable for long of standing together. The Combination Acts had only recently been repealed, and working people had not

yet learned to stand by their leaders and to give loyal support to their own organisations as in their trade unions they later learned to do. As a class, working people were poorly educated, and it was difficult for many of them, quite ignorant of business, to take an intelligent interest in their society's affairs. They were prone to follow the line of least resistance, neglected to attend meetings and so keep themselves informed, and placed blind confidence in their trustees or other officers so long as the society appeared to be prosperous. In an emergency, when coolness and confidence above all were needed, their ignorance made them liable to panic, and in that state of mind they would trust nobody and nothing, and would desert the society. The societies which have survived from that period into the present, *e.g.*, Lockhurst Lane and Stockport Great Moor, were formed in what were then small, more or less self-contained villages in which members would all be well known to one another, if not united by blood relationship and marriage.

The educational and moral handicaps of the membership in any event would have made truly democratic government in the early societies very difficult. The state of the law made it almost impossible. Since the only kind of commercial association that the law would protect was a partnership, societies, which would not take the risk of leaving their property unprotected, had to vest it in trustees. The trustees were not, like a modern committee of management, removable at the end of a period if their administration displeased the members. They could hold office for life; but they inevitably tended to become a committee of management, and might behave as autocrats, for they were in law the owners of the society's property and the members as a body had no control over them. The members had no remedy even if the trustees frittered the funds away or applied them to purposes of which they disapproved. The trustees tended to assume all the responsibility, making or authorising all payments, and generally supervising the business; and the more responsibility they shouldered, the less was felt by the plain member. In the event of the society's failure, it was the trustees who were liable for its debts.

Societies suffered also from a lack of competent business management. Dr. King's sage counsel was too often unknown or neglected. Credit trading was permitted without proper safeguards. Accounts were carelessly kept. Audit, where it was undertaken, was rarely thorough. The proper management of stocks was an art yet to be learnt. Where members or trustees were not vigilant, societies were not seldom plundered beyond hope of recovery by dishonest managers or salespeople. Societies' profits were dispersed and otherwise misapplied, when, according to strict theory, the profits of their trade should have been added to the societies' capital. In practice, as the resolution of the London Congress on the subject clearly proves, they were often divided. The example of the members of the Brighton Society, who withdrew their capital and invested it in a fishing boat, shows the commercial spirit which animated many people who joined

divided according to capital holdings. Division according to purchases was practised by the Meltham Mills Society and possibly by a few others both in Scotland and England; but, as a rule, the larger shareholders secured the larger dividends, irrespective of purchases, and the societies lost the advantages that the modern dividend system, by rewarding the loyalty of the purchaser, would have secured them. This was not fair treatment of the purchasing member; but, in addition, it meant that the sole immediate advantage obtained by the poor person who could not invest capital was security from adulteration and other kinds of profiteering. This was also true if the principle of no division was observed.

Co-operation in Eclipse.

It is the failure to yield tangible immediate advantages that explains *the decline of the first Co-operative Movement. Difficulties of organi*sation and management, which contributed to the failure of particular societies, could have been in time avoided or surmounted. But the *important benefits held out by Co-operation at that time were to* be realised not immediately, but in the more or less distant future when the society was no longer a shop but an agricultural and industrial community. Dr. King states in *The Co-operator* that a store might grow into a community in about 15 years, and to modern minds his estimate seems very sanguine. Apart from the fact, which Dr. King fully perceived, that community life would have no attraction for many members, 15 years was too long a period for working people to look ahead. Beset as they were by economic troubles arising from low wages and irregular employment, they needed immediate benefits, some means of increasing their real income of consumable goods there and then. Co-operation, therefore, failed at this time to retain the interest of few but a handful of enthusiasts, and the great body of working people turned from it to revolutionary trade-unionism in the form of Owen's Grand National Consolidated Trades Union, and to Chartism which appeared, falsely as the event proved, to promise the rapid relief which they sought.

The Halifax Congress of 1835 was the last for many years to be attended by delegates of co-operative societies. The idea of Co-operation, nevertheless, did not fade completely out of the minds of working people nor did co-operative societies cease to be formed. The idea was preserved by the Owenites, who not only organised the Queenwood Community, but also met in annual congresses until the year 1845. Under various names, first as the Association of All Classes of All Nations, and later as the Universal Community Society of Rational Religionists, the Owenites worked out the idea, put forward in 1832, of dividing the country into propaganda districts, in each of which they appointed an officer known as a social missionary. The affairs of the association were administered by a Central Board, a term adopted 30 years later by co-operators and still retained, and its news and views recorded in a journal called the *New Moral World*. In Manchester,

Birmingham, and many other large centres its adherents were numerous enough to find funds for the purchase or erection of meeting places usually known as Halls of Science. Although most of these people believed in Robert Owen's prophecy that society would be suddenly and unexpectedly ushered into a "new moral world," in which Co-operation would be the keynote of all social life, they were not content merely to advocate voluntary Co-operation, or, as it was often called, Socialism. They criticised and condemned indiscriminately all the institutions of the "old, immoral world," as they called the society of their time, and their attacks upon organised religion soon provoked reprisals. The social missionaries had to contend with counter-propaganda, had frequently to flee from infuriated mobs, and were often unable to find room or halls in which to address meetings. Through its association with the other ideas of the Owenites, Co-operation fell into disrepute amongst educated people. The reports of the social missionaries, however, show that throughout the industrial North small groups of working men were still persistently organising stores. Robert Owen would never admit store-keeping to be worthy of the name of Co-operation, and publicly disowned it more than once; but there was in store Co-operation a germ of common sense that the plain practical men of Lancashire and Yorkshire rightly refused to abandon. In due time another "slip of Owenism grafted upon a stock of common sense" was to grow up into the Co-operative Movement of to-day.

PART II.

CHAPTER VII.

SOCIAL PROGRESS, 1840-1875.

The foundations of the Co-operative Movement of to-day were laid during the middle of the nineteenth century, and the work of the pioneers is the subject of the four following chapters. The purpose of the present chapter is to describe the changing social scene in which these pioneers did their work. By the year 1840, the tide of human suffering which had begun to flow in the later years of the eighteenth century had turned and was plainly ebbing. Henceforth co-operators, although their task never became easy, were to find themselves working, on the whole, with the trend of public opinion and the main currents of social life in their favour instead of against them. The period abounds in notable legislative reforms and social movements, which not only removed many a hindrance but directly and indirectly promoted the advance of the Co-operative Movement. Simultaneously the rise of stable and financially sound friendly societies and trade unions enabled working people to discover worthy leaders in their own ranks, and gave them increasing confidence in their power to help themselves.

Rise in the Standard of Living.

The national wealth was growing more and more rapidly. These were the days when Britain could justly claim to be the world's workshop; and the world paid British manufacturers and traders well for their textiles, machines, and metal wares. As a body these business men were thrifty. They did not squander their gains but reinvested them in more and larger factories, mines, ships, and railway systems, and so extended the field of employment. Now and again, perhaps, they were too confident, as in the years from 1844 to 1847 when over 180 millions sterling were sunk in railways, and excessive speculation brought on a trade crisis, that was repeated just 10 years later. In these, and in the other crises, notably that of 1846 when the harvest failed, and that of 1862-66 during the American Civil War, working people suffered many privations through loss of employment. Yet as time passed, crises became less severe and recovery more rapid. The stream of investment encouraged the application of new processes which cheapened the cost of production, while the railway and steamship began to destroy the British farmers' monopoly of Britain's food markets and to reduce the cost of living to the town artisan by bringing in the surplus produce of the continent and the New World. Class after class of workers were beginning to find that their real wages were increasing and that they could afford something more than the bare necessaries of life.

Reforms in taxation also helped to cheapen the cost of living. The repeal of the Corn Laws in 1846 is the most celebrated because it marks the change of policy from protection to taxation for revenue, but Sir Robert Peel in 1842 had already reduced or abolished the taxes on over 700 of the 1,100 and more articles that were liable to customs duty, thus continuing the reforms commenced by Huskisson 20 years earlier. In 1845 he swept 430 duties completely away. Peel's work was continued by Gladstone, who in 1853 reduced 140 duties and abolished 120, and in 1860 reduced the 400 kinds of dutiable goods still remaining to nearly 50. Food, with the exception of tea, cocoa, and currants, was henceforth duty free. The institution of the penny post by Rowland Hill in 1840, and the reduction and eventual abolition of the newspaper stamp-duty removed two barriers that had kept working people too long ignorant of the larger world and cut off from one another. The railway and the telegraph also in due time began to play their part in promoting unity amongst working-class organisations.

The "New Model" Trade Unions.

With these changes of circumstance came a change of temper in the working classes themselves. The older generation, who never took kindly to machinery or the factory, and whose dream was to return to the comparative personal freedom of domestic industry, was succeeded by a younger generation to whom the new industrial system had always been an established fact. This generation did not wish to overthrow the factory system, for it knew no other; it desired rather to make itself more comfortable under it. Machine-breaking is no longer heard of, for the younger generation seeks reform not revolution. The trade unions that were established in the 1840's and 1850's were less militant and more diplomatic than those of the 1830's. The ideas of the one big union, the general strike, and the reorganisation of industry by national companies which had animated the Grand National Trades Union of 1835 were abandoned in favour of union by craft, the accumulation of funds for the payment of friendly benefits, and the avoidance of rash conflicts with employers. Conciliation succeeded aggression. Fiery enthusiasm gave way to business-like caution. The organisation set up in 1851 known as the Amalgamated Society of Engineers became the model which all the skilled trades strove to copy. Membership was limited to skilled craftsmen who had served a regular apprenticeship, a high rate of contribution was levied, and all business was transacted under an elaborate code of rules in which central control was carefully balanced by the rights of local branches.

With these national bodies there inevitably appeared for the first time a new type of working-class leader, of which William Allan of the engineers, and Robert Applegarth of the carpenters were notable representatives. Trade unions henceforward were led, not by men whose one talent was agitation, or by sympathisers from outside the wage-earning classes, but by workmen trained for leadership by practical administration in their own organisations. The frequent association

of these men with one another resulted naturally in an exchange of ideas, the shaping of a common policy, and joint action. Upright, conscientious, and loyal to one another, they exercised an enormous influence both on their fellow-workmen and the general public. Their high standards of reliability and exactitude in the conduct of the unions' affairs founded a tradition, while the respect that they gained from Parliament and the public lightened the task of securing legal recognition for trade unionism. Far-reaching schemes of social reorganisation they mostly set aside, for they accepted the individualistic economic teaching of their day. Their constant aim was to bring conditions of employment throughout their several trades up to the standard of the best employers. They built up large funds in order that the unions could pay liberal unemployment benefits and so deprive obstinate employers of skilled labour. Finally they looked to political action to equalise social and educational opportunities of all kinds. To them must be given most of the credit for the institution between 1860 and 1870 of Trades Councils and the Trade Union Congress, the passage of the Act of 1871 which made trade unions lawful corporations, and the Act of 1875 which finally abolished criminal prosecutions for breach of contract and permitted peaceful picketing, and finally the increased willingness of Parliament to extend factory legislation, to provide wider educational opportunities, and to amend the law of master and servant where it bore hardly on working men.

Franchise and Factory Reform.

Chartism which flickered and smouldered all through the lean years of the 1840's, flared up for the last time in 1848, fanned by the breath of revolution on the Continent. The wild oratory of many of its leaders terrified the well-to-do, but failed to secure the acceptance of a single one of the six points of the Charter. The more violently they talked, the greater became the resistance of the Government; and level-headed workmen left them for the Anti-Corn-Law League and other movements which produced tangible results. The aims of the Chartists, however, inspired the Radical wing of the Liberal p rty, and the reforms they demanded were at length effected. A step towards manhood suffrage was taken in 1867 when the town householder was enfranchised. The Ballot Act of 1872 enabled workmen to cast their votes independently of their employers, and the redistribution of seats by giving the industrial districts more representatives, enabled them tc make their numbers tell. In 1874 the first miner M.P., Thomas Burt, entered the House of Commons.

Even before franchise reform enabled working men to elect Parliamentary representatives from their own ranks and bring their influence as voters to bear upon the Government, the State had abandoned the policy of *laissez-faire* and was framing ever more and stricter regulations for the conduct of industry and the protection of workpeople. The factory reformers led by Lord Shaftesbury (1802-1885), supported by the reports of numerous Royal Commissions and the

new factory inspectors, steadily gained ground, in spite of much public indifference and the organised opposition of the employers. After 1840, Factory Acts were passed in more and more rapid succession and with every decade their scope was palpably widened. The early Acts regulated conditions only in the mining and textile industries, aimed chiefly at the protection of women and children, and provided for the limitation of working hours and night work. The Coal Mines Act of 1842 prohibited the labour of women and children underground. Examples from the textile industry were the Act of 1844 which began the half-time system for children and the celebrated Ten-Hours Act of 1847. In theory, working men in their unions were deemed to be able to look after their own interests in bargaining with their employers about working conditions. Actually, where their labour depended upon the assistance of women and children, they too gained a reduction of hours through these Acts. The inspectors, however, soon began to turn their attention to workshop sanitation and to investigate the state of the non-textile factories. Thus the Acts passed after 1860 not merely tended to ignore differences of age and sex but also to apply to dyeing and bleaching, forges and foundries, pottery and printing works, and hosts of other industries, and to require workshops to be effectively cleansed and ventilated, and dangerous machinery to be properly fenced.

Public Health.

Another campaign for the preservation of the nation's physique developed from the new Poor Law system set up by the Act of 1834. The general of this campaign was Edwin Chadwick, one of the Poor Law Commissioners, and its first victory was the first of the great Public Health Acts, passed in 1848. A young German, Frederick Engels, in a book on the condition of the working class in 1844, thus described the quarter of Manchester in which the Co-operative Movement was later to establish its headquarters :—

> "He who turns to the left here from the main street, Long Millgate, is lost; he wanders from one court to another, turns countless corners, passes nothing but narrow, filthy nooks and alleys, until after a few minutes he has lost all clue and knows not whither to turn. Everywhere half or wholly ruined buildings, some of them actually uninhabited, which means a great deal here; rarely a wooden or stone floor to be seen in the houses, almost uniformily broken, ill-fitting windows and doors and a state of filth! Everywhere heaps of debris, refuse, and offal; standing pools for gutters, and a stench which alone would make it impossible for a human being in any degree civilised to live in such a district . . . Passing along a rough bank, among stakes and washing lines, one penetrates into this chaos of small, one-storied, one-roomed, huts, in most of which there is no artificial floor; kitchen, living and sleeping room all in one. In such a hole, scarcely five feet long by six broad, I found

two beds—and such bedsteads and beds!—which, with a staircase and chimney place, exactly filled the room. In several others I found absolutely nothing, while the door stood open, and the inhabitants leaned against it. Everywhere before the doors refuse and offal; that any sort of pavement lay underneath could not be seen, but only felt, here and there, with the feet."

This was one of the worst spots but yet not greatly worse than many slum quarters of the growing cities and the new industrial townships, where there was dirt without end, rudimentary sewering, and a water supply none too reliable for purity. Here, epidemics of cholera and typhus fever raged repeatedly, and from them they spread into the more decent areas. Not so much pity for the poor as fear of the cholera secured the passage of the Public Health Act and the creation of local boards of health to administer it. The result was perhaps administrative chaos, but in spite of this, cleanliness began to prevail in public thoroughfares and sanitation in working-class homes. Government still hesitated to deal with the problem of housing, but before 20 years had elapsed pioneers like Miss Octavia Hill had begun to show the way.

Public Education.

There remains to be noted the foundation of a State system of education, in its origin a by-product of the Factory Acts. In 1839 the Government grant in aid of public education was raised from £20,000 to £30,000, and an education committee of the Privy Council appointed to administer it. It was not until 1870 that the Government undertook to provide elementary education as well as subsidise it. This progress, slow though it was, was chiefly the work of the factory inspectors who had authority to arrange for the establishment of schools for the children between the ages of 9 and 13 under their supervision. But, lacking funds, the inspectors could do nothing of importance to supplement the efforts of the voluntary bodies such as the British and Foreign School Society, the National Society, and the Home and Colonial Society, which between them could not hope to cover the whole country even though the Government subsidy grew from tens to hundreds of thousands of pounds. The only school in many places was the dame's school, which was even less well-organised than those of the societies. The census returns of 1851 revealed that there were about a million children without any schooling at all, and the majority stayed at school only a year or two. The explanation is to be found in the attitude, not at all singular, of the person reported by the *Times* as laying down that it was impossible to give the poor an education; they could only be given the key to it, reading and writing. As for the parents, clearly it was impossible to expect them when they needed their children's earnings to forego them and pay their school fees in addition. Public elementary education, however, soon followed the enfranchisement, in 1867, of the town workmen.

Administrative Reform.

Two other reforms in local and national administration in due time undermined the *laissez-faire* position. The one was the reform of municipal government by the Act of 1835. The new town councils, composed more and more of business-like middle-class people, acquired business-like habits. The old argument that government control and management of industrial undertakings was stupid, apt enough for the obsolete and corrupt boroughs of Adam Smith's time, was increasingly confuted as it became apparent that municipal management could be both more efficient than individual enterprise, and a better protector of the public interest than competition. The other reform was also the outcome of public spirit and the desire for efficiency. In 1870, competitive examinations for entry to the civil service were first held. Natural ability and educational attainments instead of "influence" and favouritism henceforward provided the opening to a career in the public service.

Public Opinion.

No such series of reforms as are here described could have been carried out apart from marked changes in the national outlook. As the middle of the nineteenth century was passed the public mind became easier to rouse to a sense of public duty. Even though it might not yet be often shamed by the condition of certain classes of the people it could be stirred by pity and by fear. Thoughtful and sympathetic people who could not rest comfortably on the teaching of orthodox political economy listened more and more to the message of the poets and the literary folk. Tom Hood with his "Song of the Shirt," and Elizabeth Barrett Browning with her "Cry of the Children," spoke on behalf of sufferers who could not speak for themselves. Thomas Carlyle, prophet-like, denouncing the worship of money and the habit of neglecting things that had no money value, was followed by preachers like Kingsley, who attacked the sweating system and the competition that was the sweater's excuse, and by John Ruskin, who turned from art criticism to rend the economists for expounding a false science and to proclaim that there was no wealth but life. Yet probably the influence of these was less widespread and slower in bearing fruit than that of Charles Dickens. Dickens not only laid bare in "David Copperfield," "Nicholas Nickleby," "Hard Times," and "Oliver Twist" the sufferings of the poor and the hard hearts and hypocrisy of those whose duty was to minister to them, but in the "Christmas Carol" and "Pickwick," did something to warm the heart of his public from cold charity to kindliness, and held up to general ridicule under the name of the "Association for the Mangling of Operatives," the employers' society which opposed factory legislation. People who might turn a deaf ear to the prophets and preachers, and dismiss Dickens as a mere writer of fiction could not so easily evade the facts established before Royal Commissions by the factory reformers, recorded in the reports of the factory inspectors, or brought to light by civil servants and medical

men, who investigated the causes of recurrent epidemics, and reported in the newspapers. The opposition of vested interests was smothered under a growing mass of evidence; and *laissez-faire* was abandoned because no one could defend or endure its practical consequences.

On the other hand, the restrictions imposed by statute upon hours of labour, so far from ruining British industry, increased the national wealth by making the workers healthier and improving their efficiency. Good employers welcomed them, for they no longer had to meet the unfair competition of the bad employers. Economic dogma was riddled by facts, and although the economists for the most part looked doubtfully at any extension of the State power to regulate industry, the greatest of them, John Stuart Mill, in his later years departed more and more from the narrow Ricardian orthodoxy in which he had been trained. Indifference to poverty became difficult to justify on scientific grounds when the foremost economist of the day was treating socialism with respect, arguing in favour of a State educational system, publicly abandoning the wage fund theory and giving his blessing to voluntary Co-operation in all its forms. When in his chapter on the probable future of the labouring class, Mill wrote :—

> "All privileged and powerful classes, as such, have used their power in the interest of their own selfishness."

he was echoing William Thompson. When he wrote :—

> "The idea is essentially repulsive of a society only held together by bought services, and by the relations and feelings arising out of pecuniary interests."

he was echoing Carlyle. And he went on to warn the well-to-do classes of what they would be wise to anticipate. "I cannot think it probable," he wrote "that they (the working classes) will be permanently contented with the condition of labouring for wages as their ultimate state."

CHAPTER VIII.

THE ROCHDALE PIONEERS.

If it was by chance that the founders of the famous Rochdale society included the word "Pioneers" in the title of their society, it was one of the happy chances of which history provides many examples. It is true they were not pioneers of co-operative effort, for earlier chapters of this book have provided evidence to the contrary; but they were the pioneers of the modern Co-operative Movement which during a period of 90 years has continued to grow to ever greater strength. From Rochdale the system and methods of the pioneers spread through the length and breadth of Britain, to be copied in practically every important country of the world. And everywhere, when established, Co-operation has continued to live, usually growing with vigour, occasionally weakly, but never dying out. There must be something of vital service and enduring value in the principles and methods which the Rochdale Pioneers adopted to have gained for them world-wide acceptance, and to have ensured success for those who have adopted and adhered to them.

Yet there was nothing new in any one of the items of the scheme of the Rochdale Pioneers. But just as the inventor gives to the world something new by establishing a new relationship between natural laws and materials that have been available to others before him, and just as the poet gives the world a masterpiece by his arrangement of words that have been the possession of mankind before he was born, so the Rochdale Pioneers gave the world something new by judiciously combining the good features of experiments that had preceded theirs.

Earlier societies had failed, for a variety of reasons; some because of constitutional difficulties, some because of bad management, others because of the dishonesty of servants and officials, many because their members were not loyal, but a large number failed because their promoters expected too much of human nature.

It was a fine co-operative conception to suggest, as the founders of many earlier societies did, that the profits of co-operative trading should be added to a common capital which should be owned by the society as a whole and not by individuals, to which common fund individual members should also contribute a small sum each week. It seemed a natural way for the group to obtain the capital necessary to work out its own salvation; but the size of the fund and its employment were far more important than collective ownership for this purpose; and in a day when individualism was rampant it was a shrewd action of the Pioneers to link individual ownership of capital with its collective use. In doing this, the Pioneers were doing nothing calling for condemnation. There is nothing immoral in individual ownership of capital. A worker has as much moral claim to the savings he makes

from his wages as he has to the wages themselves as a reward of his labour; and whilst idealistic co-operators will, quite rightly, always strive to increase the fund of collectively-owned capital, the Rochdale Pioneers revealed a sound understanding of the people of their day by providing for individual ownership. It certainly facilitated an increase of the amount of capital available for collective use.

Dividend on purchases, too, was a wise element in the Pioneers' scheme. *It appealed to the individual who was near the poverty line* far more than did the allocation of the society's profits to a common stock, the benefits accruing from which were somewhat remote; and it surely accords with our ideas of equity and justice that the member who has been most loyal in purchasing should be better regarded and treated than the one who has been less loyal; but the allocation of all profits to the common funds of the society made no such distinction between the more loyal and less loyal of the members.

Justice and equity, rather than equality, may be said to be the keynote of the Pioneers' scheme; and these qualities are revealed in *their giving of equality to women with men in the affairs of the society* more than half a century before the State did so; in limiting the reward to capital and making capital the servant of the members instead of allowing it to become their master as many earlier societies had done; in giving one vote and no more to each member, irrespective of his capital holding or the amount of his purchases; and in deciding that *all* must pay cash for what they bought; and in accordance with these ideas of justice and equity it is not surprising that they came to decide that none but pure goods should be sold by the society and that just standards of weights and measures should be used in all transactions. In a time when adulteration and short weight were far more common than they are to-day, the last-mentioned provision was most important. Purchasers could rely upon just treatment from the society in these respects.

Beginning of the Rochdale Society.

In Rochdale, as elsewhere, Co-operation was born out of distress. Holyoake, in his "History of the Rochdale Pioneers" (Chapter XII.), relates as follows the conditions in Rochdale in the early '40's: "The condition in Rochdale would be incredible did it not rest upon authority. Sharman Crawford, the member for the borough, declared in the House of Commons in the debate, September 20th, 1841, that in Rochdale there were 136 persons living on 6d. per week, 200 on 10d. per week, 508 on 1s. per week, 855 on 1s. 6d. per week, and 1,500 were living on 1s. 10d. per week. Five-sixths of those he spoke of had scarcely any blankets, 85 families had no blankets, 46 families had only chaff beds with no covering at all." We can agree with Holyoake that the facts would be incredible without authority for them; what makes the facts about blankets seem worse and the conditions less necessary is that Rochdale was, and is, in a woollen-weaving district, and that many weavers were at the time out of work.

Co-operative societies had existed in Rochdale before 1844; but they had died. The earliest date traceable in connection with the Pioneers' Society is 1843. Two accounts, not necessarily incompatible, are given by Holyoake of the events of that year, and they can be read in Chapters XII. and XIV. of his "History of the Rochdale Pioneers." They justify us in saying that proposals to establish the society that came into existence in 1844 date back to 1843, perhaps to the later months of 1842.

The first minutes of the new society as recorded in the society's minute book are of the first general meeting held Sunday, August 11th, 1844, when Miles Ashworth was appointed president; John Holt, treasurer; James Daly, secretary; James Tweedale, James Smithies, James Holt, James Bamford, and William Taylor, directors; Charles Howarth, George Ashworth, and William Mallalieu, trustees; John Bent and Joseph Smith, auditors; and James Wilkinson, Charles Barnish, George Healy, John Garside, and John Lord, arbitrators. A second meeting, held August 15th, decided that "The society date its establishment August 15th, 1844." Its rules were certified by John Tidd Pratt, on October 24th 1844. Several board and general meetings were held and new members admitted before the society commenced operations.*

After examining several shops that were available the board on November 25th, agreed to take the warehouse of Mr. Dunlop in Toad Lane at a rent of £10 per year for three years, the society to do the necessary repairs. The board on December 16th appointed William Cooper as cashier and Samuel Ashworth as salesman; four days earlier the board had decided that David Brooks and John Holt should purchase the necessary stock for the society which was to consist of flour, butter, sugar, and oatmeal. On November 28th, James Tweedale, Miles Ashworth, and James Daly were appointed to see to the repairing of the premises; George Ashworth and Thomas Holt were appointed to purchase the necessary furniture for commencing business; and George Ashworth was appointed to purchase three forms for five shillings. We are informed from another source that the shop was first opened on December 21st, 1844.

A decision to establish a society, however, is not the same thing as commencing operations. The society required sufficient capital to commence its business, and this capital had to be collected. But this

*The number of original members is usually given as 28, their names being, Miles Ashworth, Samuel Ashworth, James Bamford, John Bent, David Brooks, John Collier, William Cooper, James Daly, John Garside, George Healey, John Hill, John Holt, Charles Howarth, Benjamin Jordan, John Kershaw, James Maden, William Mallalieu, James Manock, Benjamin Rudman, John Scowcroft, Joseph Smith, James Smithies, James Standring, Robert Taylor, William Taylor, James Tweedale, Samuel Tweedale, and James Wilkinson. Holyoake made this number famous, but we lack direct evidence that this was the number when the society was registered, or when it commenced business, whilst on the other hand, not all the persons mentioned above had contributed share capital before 1845.

collection was a slow process for a group of men which included some who were unemployed, some of whom were irregularly employed, and all of whom were poor. Premises had to be found and stock had to be bought. As we have seen, it was decided to commence with butter, sugar, flour, and oatmeal; but the Pioneers then discovered they would require artificial lighting for their shop, and as they would need candles for this purpose they decided to buy an extra supply, and put them on the shelves for sale. So they began with only five commodities and opened their shop in the evenings, appointing some of their number to act as salesmen. The shutters, we believe, were taken down by William Taylor, locally known as "Owd Face." He deserves mention, for this action was the first step in the opening of the shop for trading purposes and the beginning of a movement which, as we have remarked, is now world-wide. Taylor was killed a few years later in an explosion at a local mill.

The start made by the Pioneers was on a small scale, and the commencement of their society attracted little attention; but the size of the seed gives little indication of the size of the tree that will grow from it. Everything depends upon its inherent qualities, the soil in which it is sown, the manner in which it is sown and the attention which the seed and growing plant receive. In these respects the Rochdale society was fortunate. The scheme of the Pioneers was sound; it was devised for people who knew how to use it; and the baby plant and growing tree were tended with devotion. In these circumstances success was almost inevitable.

Objects and Methods of the Pioneers.

As we have described it so far, the Rochdale Society seems nothing more than a novel experiment in shopkeeping. But it was far more than this; and if by revolution we understand a complete change, the objects and plan of the Rochdale Pioneers can be described with truth as revolutionary.

A world organised in accordance with their plan would indeed be totally different from the world of competition and greed, jealousy and strife, distress and poverty, of 1844; and the change would still be a revolutionary one, even if these objects were attained only slowly. In effecting desirable changes, direction is of more importance than speed; and this fact the Pioneers recognised. They knew that the social conditions of any age are the outcome of the desires and actions of the people who live in that age; and that they needed to work upon the desires of individual citizens and create the opportunities for them to give expression to right desires if they were to create the new world they desired to establish. Whilst recognising the prevailing individualism which made it necessary to provide immediate benefits for their members instead of benefits that would come only when the millennium was established, they nevertheless showed by their plan that it was not impossible to keep their eyes upon the heavens whilst their feet

were upon the ground, and they had a tremendous faith in the perfectibility of human kind. But that perfection which was inherent in man, could not be achieved until he was free and able to develop his personality. He was kept down by the tyranny of capitalism; the development of co-operative trading and productive activities would lead him to the goal of self-employment and would make capital his servant, thus removing the tyranny of capitalism in which capital is master. He was the victim of ignorance: the development of education could remove that tyrant; and he was the victim of bad laws: but the realisation of their scheme would also remove that tyrant. Man, free, could and would make the world a happier one; and that would mean a happier people. But neither people nor conditions were perfect in 1844; the people had to travel from where they were to the goal of their ideals; and the scheme of the Pioneers was a shrewd blending of idealism with immediate and practical utility. Even the member who joined for the immediate economic advantages of dividend would swell the volume of trade and help the extension of co-operative employment and the realisation of the society's objects, whilst he would, as a member, be subject to the educational influences which the society provided, and thus become gradually imbued with co-operative ideals.

Here is the statement of objects and plan which they adopted.

Objects—Law First.

The objects and plans of this society are to form arrangements for the pecuniary benefit, and improvement of the society and domestic condition of its members, by raising a sufficient amount of capital in shares of one pound each, to bring into operation the following plans and arrangements.

The establishment of a store for the sale of provisions and clothing, &c.

The building, purchasing or erecting a number of houses, in which those members desiring to assist each other in improving their domestic and social condition may reside.

To commence the manufacture of such articles as the society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages.

As a further benefit and security to the members of this society, the society shall purchase or rent an estate or estates of land; which shall be cultivated by the members who may be out of employment, or whose labour may be badly remunerated.

That as soon as practicable, this society shall proceed to arrange the powers of production, distribution, education, and government, or in other words to establish a self-supporting home colony of united interests, or assist other societies in establishing such colonies.

That for the promotion of sobriety, a temperance hotel be opened in one of the society's houses, as soon as convenient.

The society's objects appealed to the idealists; but of themselves they could not have ensured the success of the Pioneers' society. The rules and methods adopted for business and administrative purposes—combined with the loyalty and devoted service of its leaders—were the principal cause of its business success. These rules and methods were:—

1. To sell goods at prevailing local prices.
2. Restriction to a fixed rate of the interest upon capital—this interest to have first claim upon the profits.
3. The distribution of profits (after meeting expenses and interest charges) in proportion to purchases.
4. No credit—all purchases and sales to be paid for in cash when the goods were handed over.
5. Both sexes to have equality in membership rights.
6. Each member to have one vote and no more.
7. Regular and frequent meetings to be held for the discussion of the society's business and of receiving suggestions for improving the society's welfare.
8. Accounts to be properly kept and audited; and balance sheets to be regularly presented to the members.

Development of Activities.

Launched, as we have seen, in 1844, and working in accordance with the rules and methods we have quoted, the Rochdale society went forward, slowly at first but never looking back. Its leaders found time not only for attention to the affairs of their own society but for propagating in a wider area the principles to which they showed so much devotion. William Cooper in particular was active by pen and spoken word in giving advice and encouragement, serving almost as a Co-operative Union in these respects; and in the years immediately following 1844, societies were established in the vicinity of Rochdale and farther afield as a result of the example and help of the Pioneers. Such activity on the part of the Pioneers was but an expression of their belief in the value of Co-operation as a system to be widely rather than narrowly adopted. They gave further evidence of this belief by commencing a wholesale department for the benefit of small societies and abandoning their own effort later in order to throw their energies into the establishment of a federal society for wholesale trading, in helping to bring the *Co-operative News* into existence, in assisting in the formation of the Co-operative Insurance Company (now the Co-operative Insurance Society) whose first office was on the Pioneers' premises, and, in due course, playing their part in establishing the Central Board, the forerunner of the Co-operative Union.

Locally, too, the Pioneers were active. The society opened new departments and branches with a rapidity which no society of a similar size to-day would be likely to equal, though it was not until April 28th,

1851, that its first shop was first opened for the whole day. The co-operative work in Rochdale was not confined to the trading activities of the society itself. The society took the initiative in the establishment, in 1850, of the Rochdale Co-operative Corn Mill which, in a day when the centralisation of activities had received a new stimulus, was taken over by the Co-operative Wholesale Society in 1905. The establishment of the Rochdale Co-operative Manufacturing Society represented another local extension of co-operative activity. "In 1854," says William Robertson, in the Congress Handbook, 1892, "there was a good demand for calico, for the production had not then overtaken the demand, and they (*i.e.*, Rochdale co-operators, *Ed.*) decided to commence the manufacture of cotton, and became both capitalists and workers, employers and employed." Individuals, including the workers, as well as societies, became members of the new society whose mill became one of the best known in Rochdale and in the cotton industry. Gradually, the original impulse and co-operative spirit were lost as persons without co-operative sympathies became shareholders. Profit-sharing with employees was abandoned in 1862, not without stout opposition from local co-operators, and except that it paid interest on share capital before declaring its dividend (also on share capital), the society became indistinguishable from a joint-stock company. Indeed, after the war, it was re-registered under the Companies Acts, and after suffering like other companies from the post-war depression in the cotton industry, it was wound up and dissolved early in 1934, the building being sold. Members of the Pioneers' Society also co-operated in establishing Turkish baths, a sick and burial society, and a building society, thus giving further evidence of their belief in the utility of co-operative principles.

Educational Work.

The work of the Pioneers for education is noted in greater detail in the chapter on Education; but this chapter on their early work would be incomplete without some reference to it. We, therefore, notice briefly their establishment of a newsroom and library; their classes in which some members with, perhaps, only slight qualifications taught those who had none; their subsequent organisation of classes in science and art subjects in co-operation with the Science and Art department at South Kensington; and their pioneer work in connection with university extension lectures. No provision for education was made in the first rules; and the earlier grants were made from profits by the members in general meeting in the same way that other grants were made. It was not until 1853 when the rules were revised, after the passing of the first Industrial and Provident Societies Act in 1852, that the famous rule providing for the allocation for educational purposes of 2½ per cent of the profits was included as a statutory provision. For some time, prior to 1852, the Government official responsible for certifying the rules of societies had refused to register rules providing for education, holding that such provision was contrary to the law. This was unfortunate, for not only did it prevent some

societies from making provision for education, but it prevented the Pioneers from adopting a proposal that was made on one occasion for 10 per cent of their profits to be allocated for educational work.

Rochdale Plan in Later Days.

The plan and objects framed by the Pioneers have long since disappeared from the rules of the Rochdale Society, and we have seen no other rules in which they appear; but with slight modifications they still represent the aspirations and approved methods of co-operators who adopt the consumers' theory of Co-operation as the principle of their organisation. It is a tribute to the perception and far-sightedness of the Pioneers that their objects and plan are so much in keeping with the aspirations and methods of modern co-operators. Their ultimate object was the establishment of self-supporting communities of united interests; but world conditions have changed since 1844, and we know that no group can to-day isolate itself from the rest of the world and still enjoy the standard of living which association with the rest of the world makes possible. Modern co-operators, therefore, aim at making the whole world a Co-operative Commonwealth by preparing the peoples of all nations for appropriate co-operative action through the development of local and national co-operative organisations in their respective countries, and bringing these organisations together for international action through the medium of international co-operative organisations. But the plan of the Rochdale Pioneers for securing the control of industry and commerce, and, therefore, the control of the production and distribution of wealth still holds the field. Summed up, it is as follows: First, the organisation of consumers' demands by local stores and the exercising of the pooled demands of local societies through national wholesale societies (supplemented ultimately by one or more international wholesale societies) in the markets of the world. Next, as the demand in local and national organisations becomes adequate to secure success, the organisation of production, locally, nationally, and internationally. Finally, as the consumption of raw materials in productive factories and the purchase of crops by distributive organisations becomes sufficient to justify the step, the acquisition of land from which raw materials and produce can be obtained. Through these three steps, the individual co-operator in association with his fellow-co-operators will secure the control of all the wealth they produce, for none but co-operators need handle it or own it from the moment it is taken from the land until it reaches the individual consumer for final consumption. At every stage, co-operative employment is promoted, giving to co-operators an ever-increasing control over labour conditions; but cutting out unnecessary middlemen and speculators, and, therefore, making it possible for wealth to pass to the consumer at a lower cost of effort than is involved to-day in the capitalist system.

Since 1844, co-operators have made great progress towards the realisation of these objects; probably they have travelled farther in this direction than the most enthusiastic of the Rochdale Pioneers

dreamed would be possible in 90 years; but they still have a great distance to go, and to some enthusiasts the speed may seem slow, yet this slowness is due to the inadequate determination, energy, and loyalty of the successors of the Pioneers rather than to defects in the Rochdale plan. The slowness of the progress, however, may not be entirely disadvantageous in the present circumstances of an inadequately educated (co-operatively) membership. If the leaders of the movement were free to develop co-operative undertakings according to their own will and without having to consult the rank and file, secure their approval for developments and win their support for these undertakings, they might secure a more rapid progress in business matters. But once the business of the Movement got beyond the understanding of the rank and file it would get beyond their control, the democratic nature of the Movement would be a thing of the past and the collapse of the Movement as a *co-operative* movement would be only a matter of time as has been proved again and again in the case of businesses that have lost their co-operative and democratic character. In the long run, the direction of the journey is more important than the speed of the journey. All enthusiastic co-operators desire to see the right direction maintained and the speed of the journey increased. It is, therefore, important to realise that the only way of speeding up co-operative achievement is to quicken the intelligence and increase the co-operative determination of the rank and file. This means that increased attention must be paid to co-operative education, and reveals the necessity for co-operators of the present-day to follow the example of the Pioneers as earnestly in matters educational as they do in matters of trade.

CHAPTER IX.

THE CHRISTIAN SOCIALISTS.

The line of co-operative development opened up by the Rochdale Pioneers, though probably the safest and easiest, was still beset by many difficulties. Some of the worst of these difficulties, particularly those due to the absence of proper legal protection for co-operative societies, were cleared from the path before the Rochdale store had been 10 years in existence in a manner that the Pioneers can scarcely have hoped or dreamed of. In fact, the Co-operative Movement received a fresh impulse from what they would have considered a most unlikely direction, namely, from a group of reformers who belonged to the well-to-do classes and the Church of England. These reformers drew their inspiration from Christianity and from the Socialism which was then becoming popular in France. Beginning with very little knowledge of Co-operation in England, they were led by the pursuit of their own ideals to make very important contributions both to the theory of Co-operation and the practical advancement of the Movement. The pioneer of this new social movement was John Malcolm Forbes Ludlow, a colonel's son born in India in 1821, who was called to the Bar at Lincoln's Inn in 1843. This young man had spent most of his life in France. Although he intended to make the law his profession, his studies were not confined to it. He had mastered the political economy of his day and had read widely in the works of Fourier, a visionary who, like Owen, planned self-supporting communities, and of Louis Blanc, whose denunciation of competitive capitalism and proposals for the organisation of the artisans in State-aided productive societies were helping to kindle a revolutionary agitation. Ludlow had imbibed more than a little of the democratic and socialistic spirit of the French republicans. He had also been a member of a Protestant Society engaged in the study and relief of poverty.

In the neighbourhood of Lincoln's Inn he attempted some social work amongst the poor population, in which he strove to interest the Rev. John Frederick Denison Maurice, Professor of Theology at King's College, who was appointed chaplain of Lincoln's Inn in 1846. Maurice's shyness might well have made him a recluse, but Christianity for him was a gospel not of individual but of social salvation. The burden of his teaching was that eternal life was not personal existence prolonged beyond the grave, but life illumined by knowledge of God, and therefore lived in fellowship with all men. This sense of fellowship was the real and enduring bond between man and man and the different classes in society. The church's mission was to preserve this fellowship, and to protest against the selfishness that was disintegrating the nation, and plunging the working classes into misery. Maurice's theological writings, notably his book "The Kingdom of Christ," had led to his

acquaintance with Charles Kingsley, rector of Eversley in Hampshire. They met in 1844 and began a correspondence. Kingsley, like Maurice, had been influenced by the ancient Greek philosophers, and by Coleridge and Carlyle amongst the prophets of the nineteenth century, and was thus prepared to understand Maurice's teaching and to accept it. But while Maurice was one of the most humble, diffident, and charitable of men, Kingsley was characterised by vigour, pugnacity, and not a little rashness. These qualities, together with his gift of vivid and forcible writing, enabled him when the right time came to arrest the attention of the public and make it listen to the message which he and his friends had to deliver.

Revolution of 1848.

The opportunity to deliver the message came with the upheaval that made all Europe quake in the spring of 1848. Paris gave the signal by driving out King Louis Philippe, and installing a provisional government of Liberals and Socialists. Ludlow hastened across the Channel to succour his sisters, and found the Parisians full of democratic ardour. The working men, influenced by Louis Blanc's propaganda, were insisting that the government should recognise their right to work and its own obligation to find work for them, calling for the reorganisation of industry, and forming co-operative productive societies (associations ouvrières). Ludlow related his experiences in a letter to Maurice, and discussed them with him on his return to London. The letter made a profound impression on Maurice and his circle, Kingsley included. Meanwhile Chartism, roused by the example of the continent, was reviving. The risk of a conflict between demonstrators and the police on Kennington Common on April 10th brought Kingsley to London in the hope of doing something to avert bloodshed. Maurice, confined to his house unwell, sent him to Ludlow who readily agreed to go out with him and do what they could. They were required to do nothing, for the demonstration was a fiasco. They brought the news to Maurice, and after a consultation decided to issue a manifesto to the working classes. The three friends also determined to publish a periodical to be called *Politics for the People*. The first issue appeared on May 6th, and announced that the object of the paper was

> "to consider the questions which are occupying our countrymen at the present moment, such as the extension of the franchise; the relations of the capitalist and the labourer; what a Government can and cannot do to find work or pay for the poor."

Politics for the People ceased to appear after three months, but the paper was not a failure. The number of its contributors grew from four to a score, and that of its subscribers reached two thousand. It penetrated into the industrial towns of the provinces and did much to dispel the suspicion with which it had been at first regarded. Its promoters, however, were marked men, They had shocked complacent orthodoxy by appealing to the Bible as a revolutionist's handbook; they had

alarmed vested interests by plain speaking about poverty; and they had outraged middle-class consciousness by taking the workers' side.

Having uttered their protest they were for a time undecided what to do. Their numbers grew steadily, for many of their acquaintances rallied to them; young men who in their mature years achieved celebrity, and amongst them Clough the poet, Grove the musician, Furnivall the philologist, and Thomas Hughes, then known as an athlete, and later as Member of Parliament, judge and author. They opened a night school for men in Little Ormond Yard in the summer of 1848. In April, 1849, they began to hold regular debates and discussions with working men at the Cranbourne Coffee Tavern. Here they gained the adherence of Chartists like Walter Cooper, and contact with the older co-operative movement in the person of Lloyd Jones, the Owenite social missionary, who cordially supported and helped them. The cholera outbreak of the same year was a call to most of them to relieve distress in the London slums, and the horror and misery they encountered there were revealed to the world in Kingsley's novel "Alton Locke." Ludlow was at this time in France studying the working men's productive associations and on his return insistent that the group should begin an experiment on similar lines. Maurice was not convinced that the work of the group should extend beyond teaching and propaganda; but on January 2nd, 1850, he wrote to Kingsley: "Competition is put forth as the law of the universe. That is a lie. The time is come for us to declare that it is a lie by word and deed. I see no way but associating for work instead of for strikes." Within a week, a meeting of Ludlow and his friends with some working tailors for the purpose of establishing a tailors' association was held at Maurice's house, and, in due course, the Castle Street Working Tailors' Association was formed.

Christian Socialist Propaganda.

The foundation of their first working association ushered in the period of our reformers' greatest activity as a group. Needing publicity, but lacking funds for a paper, they began to issue a series of tracts on Christian Socialism. Maurice, in discussion with friends who were dubious, defended the title on the ground that it left no one in doubt about their intentions and that "it will commit us at once to the conflict we must engage in sooner or later with the unsocial christians, and the unchristian socialists." The purpose of the tracts was to explain what the Christian Socialists were doing. There were eight in all, and three of them dealt with practical affairs, that is, the Castle Street Tailors, the French associations, and the constitution of the Society for Promoting Working Men's Associations. The remainder set forth the theory on which they worked. Before the end of 1850 the growth of the movement made a periodical necessary, and in November *The Christian Socialist, a Journal of Association*, began to appear weekly, with Ludlow as editor. In 1851 a second series of tracts, among them Kingsley's "Cheap Clothes and Nasty," was published. Meanwhile,

Kingsley had found a publisher for his novel "Alton Locke," which had the good fortune to strike the public conscience in a tender place, and followed it with the reissue of "Yeast," which had first been printed as a serial. These novels did more than stimulate public interest in the work the Christian Socialists were doing; "Alton Locke" in particular was successful in bringing home to the comfortable classes the meaning of poverty, the humanity of the poor, and the immense need for social reform of all kinds.

Working Men's Associations—Organisation.

The Castle Street Tailors began business on a loan capital of £300, but its promoters still remained for some time a group of friends without a formal constitution. Charles Sully, their secretary, who had had first-hand experience of the French associations, convinced them that if the associations were to succeed in business they must be organised in a business-like manner. By June, 1850, the constitution of the Society for Promoting Working Men's Associations, and model rules for working associations had been drafted, discussed, and adopted. The society consisted of promoters together with associates, or members of the associations. It was governed by a council representing the promoters, and a central board representing the associates. The council was concerned with raising funds, spreading the idea of Co-operation, and dealing with the associations on the society's behalf. The central board assisted in the formation of new associations, supervised them, and kept them in line with the society's constitution and the model rules. The government of the associations was democratic with certain exceptions. The members elected from among themselves a chairman, secretary, treasurer, and council of administration, which supervised the conduct of the society's affairs. Executive power was vested in the manager who was, however, limited by the council's right to be consulted on all important matters. Membership of the association was open only to those who had served a period of probation in the workshop, and shown that they were desirable members.

Since most of the associations began with loans made by the Society of promoters, the Society claimed the right to veto their choice of managers for so long as the loan remained unpaid. The associations were intended, however, to enjoy complete freedom in selecting a manager and determining his duties. Associates and probationers were paid, as wages for their work, an allowance calculated on a time or piece basis according to the custom of their trade; but at the half year's end they had divided amongst them according to the time they had worked during the period, the portion of the association's business profits remaining after allocations had been made for the repayment of loans, and the increase of the association's own capital. All work was to be done on the association's premises; no work was to be done on Sundays. No political bias was to be given to any association,

but members individually might take any political attitude they pleased. Disputes within the associations were to be submitted to arbitrators, disputes between the associations to the central board, with the possibility of appeal from its decision to the council of the society. The money lent by the promoters was controlled and distributed by trustees in whom was vested all the property of the society. These trustees advanced money to the manager of an association, receiving as security, not altogether adequate, a bill of sale on the association's premises and stock. Tested in actual business the weakness of the associations was found to reside not in their constitution so much as in their membership.

Working Men's Associations—Formation.

The year 1850 saw no less than nine associations promoted by the society. The Castle Street Tailors' Association was quickly followed by the North London Needlewomen, a society specially supervised by Mrs. Maurice and a committee of ladies. In the month of April two associations of shoemakers and one of bakers started work. In May the first builders' association began business, in June a third shoemakers' association, and in July a second builders' association in Pimlico. A working printers' association was founded to print *The Christian Socialist* and the Society's other publications. No such rapid development would have been possible had not the promoters been joined by Edward Vansittart Neale and his cousin Augustus Vansittart, who were both wealthy men. Neale, although a barrister of Lincoln's Inn, had not joined the group until the prospectus of the first tailors' associations had been issued. Eleven years senior to Ludlow, and older still than many others of the Christian Socialists, he had a thorough knowledge of current socialistic theory, but did not profess Christianity. Once in the movement he showed that he was prepared to spend time and energy without stint, to devote his great abilities, and to risk most of his fortune in furthering the cause of Co-operation. Vansittart was less energetic, but very able and, as he later proved, capable of no little self-sacrifice.

During the winter of 1851-52 the promoters were sufficiently occupied with nursing their first group of associations; but with the spring of 1851 the association of pianofortemakers and the City tailors opened in London, and the Southampton tailors and Salford hatters in the provinces. An association of smiths formed in July, 1852, completes the tale of associations owing their formation directly to the Society for Promoting Working Men's Associations. Many more, however, were established in communication with but independently of it. The eloquence of Cooper, the ex-chartist and manager of the Castle Street Tailors, raised a crop of tailors' associations in the north of England; and workers in the textile and clothing industries in Scotland and the Midlands displayed no less willingness than the Londoners to attempt association. Christian Socialist propaganda

amongst the then rather select trade unions of skilled workers obtained no practical result until the formation in 1851 of the Amalgamated Society of Engineers. Newton, Allan, and other leaders of this union were sympathetic to association, and the union had large funds to invest. There seemed some prospect of attempting co-operative production on a larger scale, and with a better class of worker than were to be found in the first associations. The lockout of 1852, apparently banished these prospects by dissipating the funds, but it gave Ludlow, Hughes, and Neale an opportunity of gaining the confidence of the trade unions and interesting them in association by their able and vigorous championship of the men's case against the employers. The lockout led directly, thanks to the intervention of Neale and Vansittart, to the formation of two associations of engineers. One was installed in premises at Mile End, bought with capital supplied by Vansittart; the other near Southwark Bridge in the Atlas Works, which had been purchased by Neale. The latter scheme had the full support of the Executive of the Amalgamated Society of Engineers which, by passing a resolution in favour of "promoting the system of self-employment in associative workshops," appeared to give a lead to the whole trade-union movement in the direction the Christian Socialists desired.

Industrial and Provident Societies Act, 1852.

The barristers among the Christian Socialists and especially Ludlow, who had a minute knowledge of company law, were fully aware, before they began to promote working men's associations, that they would encounter difficulties occasioned by the fact that the law extended no protection to associations such as they contemplated. Not to register was to invite dishonesty; but registration implied a choice of evils. Associations might be registered under the Friendly Societies Acts, but their operations would be limited by the Frugal Investment Clause, which would permit no dealing with the general public, and sanctioned only those trading operations which were intended to supply the needs of an association's own members. Unobjectionable as it might be to co-operative stores, the clause made the Friendly Societies Acts useless to productive associations, but the Acts imposed further disabilities by denying to associations the right to hold real property in their own names. Such plant and premises as they might acquire had to become in law the absolute property of their trustees, against whom, if they were dishonest, the associations had no remedy. The alternatives were equally irksome. An association of less than 25 members might be protected as a partnership, but if so, each member had the right to pledge the association's credit. An association of more than 25 members could obtain no legal protection whatever unless it were registered under the Joint Stock Companies Act of 1844. To obtain registration, it would have to pay between £50 and £60, nominate three directors, fix the precise amount of its capital, and divide its capital into shares that must be transferable. Transferable shares, since they might be purchased by persons who did not seek employment in the association's

workshop, might easily permit the association to backslide into capitalism.

Early in 1850 Hughes secured a Member of Parliament, by name Robert Slaney, who was willing to be the promoters' Parliamentary mouthpiece. The first move was to induce the House of Commons to appoint a select committee to inquire into middle and working-class investments, and in this Slaney was successful. Ludlow, and after him Hughes and Neale, gave evidence before the committee showing the legal difficulties which deterred people from associating, and the ease with which they could be removed by extending the provisions of the Friendly Societies Acts. They were followed by Cooper, Lloyd Jones, and other associates, but they also contrived to bring before the committee Bellenden Ker, the acknowledged authority on company law, and John Stuart Mill, the greatest economist of his day. Mill's evidence was so favourable to association for trade and work that the committee was convinced, and reported in favour of legislation. Ludlow was invited to draft a bill, but the Government took no action. Next session a second committee, appointed on Slaney's motion, continued the inquiry, and reported in similar terms to the first.

Continual pressure on Ministers during the autumn and winter of 1851 failed to secure the introduction of a Bill. Early in March, 1852, the Government was defeated, the Tories came into power, and it seemed as though the whole process would have to be repeated. The Tories, however, were not averse to legislation for the benefit of industrial workers. The Bill was introduced on March 19th, passed through all its stages without much public notice, and received the Royal assent on June 30th. Rather than risk the Bill's failing to pass before the end of the session, Ludlow accepted a clause requiring unlimited liability of members for their association's debts, but legal status similar to that of Friendly Societies without the restrictions of the Frugal Investment Clause was secured for associations for trade and work, and the shares of their members were not obliged to be transferable. Almost all that the promoters aimed at, except limited liability, was embodied in the Act.

Co-operative Distribution.

"Slaney's Act" was a boon not only to the productive associations that the Christian Socialists were nursing, but also to the young and rapidly growing co-operative stores that were following the Rochdale Equitable Pioneers. The original group of promoters had gained their first real knowledge of the store movement from Lloyd Jones, but they did not concern themselves much with it, partly because its activities savoured of the commercialism which they hated, and partly because it was outside the scope of their immediate aims. Nevertheless, several of the associations, as for example, the Pimlico Builders, opened stores for their members. It was Neale who, looking further ahead than the rest, perceived that association could not begin and end with

production, but must advance into distribution. It was he who supplied the capital for the London Co-operative Stores which in October, 1850, began business with Lloyd Jones as manager, at 76 Charlotte Street, Fitzroy Square, in the same building as the office of the society of promoters. Studying the French associations in Paris, 1850, Neale observed that they suffered through unorganised marketing, and were at times actually in competition with one another. The English associations, if they ever became as numerous as the French, would fall into the same pitfalls, unless steps were taken to co-ordinate and discipline them while they were still young. Neale, therefore, put forward a scheme for the federation of the associations in a general union, which was discussed by a conference of promoters and associates in April, 1851, less than a week after representatives of the stores in conference at Bury had expressed their own need of a similar organisation. Neale's scheme was quite in accord with what the promoters knew to be necessary, but it was remitted by the conference to the Central Board, and by them dropped. Meanwhile he was proceeding on his own initiative along another route. He drew up and circulated rules for a "Society for the Formation of Co-operative Stores," designed to do for stores what the society of promoters did for the associations, and then created a wholesale agency so that the stores could obtain unadulterated supplies. During the summer the retail stores in Charlotte Street were transformed into a wholesale house, which became generally known as the Central Co-operative Agency, although it was registered in the names of its directors, Joseph Woodin and Lloyd Jones, as Woodin, Jones, and Co. In the autumn it appealed for support to the trade unions, describing itself as "a legal and financial institution for aiding the formation of stores and associations, for buying and selling on their behalf, and ultimately for organising credit and exchange between them." In other words, Neale conceived the agency as the associations' natural market and the stores' source of supply, which would enable both to dispense with unnecessary middlemen and act as their banker and adviser. The agency made progress immediately. Its business in a few months outgrew its accommodation in Charlotte Street. It built up a considerable trade, through a branch in Swan Street, Manchester, with the Lancashire stores. It removed in 1853 to 356 Oxford Street, where it had secured a block of buildings in which it could not only warehouse its goods but manufacture some of its wares, and do its own packing. In the event these premises proved too large and expensive for its business. In spite of the able management of Woodin and Jones, and the increasing support of the stores in the north, Neale had no choice but to wind it up in 1857.

Efforts for Co-operative Unity.

The Central Co-operative Agency was the forerunner of the co-operative wholesale societies of the next decade. There remain to be described those other attempts of the Christian Socialists to give the Co-operative Movement greater unity and coherence which

anticipated the formation of the Co-operative Union. In January, 1852, several of the Christian Socialists were present at a meeting held in the chambers of William Coningham, one of their supporters, to discuss the project of a Co-operative League. This league, which was duly formed with Coningham as president and Neale as secretary, was designed for work similar to that of the former British Association for Promoting Co-operative Knowledge. It was to be a centre for the collection and diffusion of information and ideas about Co-operation. By means of correspondence with co-operative societies and the acquisition of books and documents, it was able to record co-operative developments of all kinds, and its published transactions and public meetings, one of which was addressed by Robert Owen, served to arouse an intelligent interest amongst people unfamilar with the movement and to increase the store of information of those already engaged in it.

The passage of the Industrial and Provident Societies Act created a situation which needed discussion by all co-operators, in whatever type of society they might be interested. In July, 1852, the society of promoters convened a conference which was held in its new Hall of Association on the floor beneath the workroom of the Castle Street Tailors. Delegates came from as far away as Bradford, Halifax, Liverpool, and Manchester. The conference, small though it was in comparison with later gatherings of co-operators, was equal to dealing with large issues. The subjects it discussed ranged from the Industrial and Provident Societies Act to a co-operative newspaper and a co-operative friendly society. It was anxious above all to maintain communications between the different parts of the Movement, and the executive committee which it elected was instructed to arrange among other things, a similar conference to be held in Manchester in the following year. A third conference met at Leeds in 1854.

The executive committee of the conference, naturally, tended to encroach more and more upon the sphere of work of the Society of promoters, which had been already shorn of much of its importance by the Act of 1852. The Act substituted new safeguards for the property of the associations for those which the promoters had devised, and the Registrar would scrutinise their rules. Throughout the winter of 1852-53 the Christian Socialists were occupied with the discussion of the society's future constitution and work. A serious cleavage of opinion was revealed concerning the basis of the society's constitution. Some, of whom Ludlow was chief spokesman, stood for a frank declaration by the society of the Christian faith of its members. Others agreed with Neale, who had never cared for the term Christian Socialism, and desired a declaration of principle that would debar no co-operator who was not a Christian from joining the society.

The difficulty was eventually smoothed away by Maurice in a formula which is celebrated and here again quoted :—

(1) That human society is a body consisting of many members, not a collection of warring atoms.

(2) That true workmen must be fellow-workmen, not rivals.

(3) That a principle of justice, not selfishness, must regulate exchanges.

Ludlow's loyalty to his leader ensured his acceptance of the formula which was adopted in March, 1853. At the same time the society altered its title to Association for Promoting Industrial and Provident Societies. It continued to supervise such associations as still survived and to be represented at the annual conferences, but after the conference of 1854 the promoters decided to hand over the work of the association to the conference executive.

Decline of the Working Men's Associations.

The Society, in fact, outlived most of the associations it promoted. None of the three associations of shoemakers survived the year 1850 as they were originally constituted. The members of one, after repeated quarrels with their first manager, chose another who was illiterate, and the society was dissolved in less than six months. The other two were amalgamated, subsequently reconstructed more than once, and in 1863 converted by the manager into a private business. The first builders' association, very successful in its early days, admitted to membership men who served no probation, and by undermining the manager's authority wrecked it. A few of the associates reformed as the North London Builders, and held on until 1860, when they became a private firm under their former manager. Pimlico builders were dissolved in 1853. They were perfectly solvent, with a surplus of assets over liabilities of more than £500, but their incompetent manager, pressed for payment by the association's creditors, was unable to cope with the situation. The working printers became a private business when they could no longer get work enough from the Society. Neither the Needlewomen's Association nor the City Tailors lasted out the year 1853, the latter being converted into a private business. The Working Bakers, whose number fell from ten to three, were taken over by the London Co-operative Stores of Charlotte Street. The Castle Street Tailors, after a violent quarrel with their manager and the secession of a body of associates who set up a rival workshop, continued prosperously until 1860 when their manager was found to be dishonest, and to have fraudulently converted the association's funds to his own use. The manager of the Southampton Tailors left the association and set up in business nearby in competition with it. The East London Ironworks at first very busy with war work, met with disaster through losses on a big contract for which they had tendered too low a price. Vansittart's loan which had set them up in business, was never repaid. Neale's patience and pertinacity supported the Atlas Ironworks for several years. Again and again, he met the losses which resulted from the association's failure to complete its contracts to time. The manager could not get the work done, and the withdrawal of trade-union

support deprived him of disciplinary aid from that quartet. The Salford Hatters alone, of all the associations, sponsored by the society, was an unqualified business success. It held on until 1873, when it was voluntarily disbanded.

The achievement of the Working Men's Associations must needs be judged by two standards, namely, their business efficiency and their fidelity to co-operative principle. The task of satisfying both demands might well prove beyond their powers, for promoters, managers, and men alike were inexperienced in Co-operation. The promoters had only their knowledge of the French associations to guide them. They were able, energetic, courageous, but most of them were young and lacked experience of life. They possessed an abundance of learning, but they did not penetrate at once into the mind of the working man, and reckoned without his limitations. Contrariwise, they were at times inclined to allow him too small a burden of responsibility. Neale, for example, was too ready to smooth away difficulties by handing out more money, and lost a fortune before he had learnt to temper his enthusiasm with caution. The managers, even when they were good craftsmen, were not all capable of managing. On the other hand the fact that so many of the associations were converted into private firms seems to show that some could gain the confidence of their subordinates. It may also signify that many of the associates preferred to have a secure job, fair wages, and no responsibility. The workers were not the elect of their trade, carefully chosen after probation, for the promoters' method was simply to call a meeting of tailors or shoemakers, or bricklayers, explain the idea of associated labour, and enrol the first who offered themselves. Once working in an association many workmen were slow to understand that if there was no employer whose word was law, there was still need of industry and obedience. Although the associations frequently obtained the custom of sympathetic friends of the promoters (so that a Christian Socialist, someone said, could be recognised by the cut of his trousers) they had no market ready beforehand, but were exposed to the full force of competition. Quarrels and stoppages delayed work, increased expenses, and led to a loss of custom that was fatal. Some associations which were composed of members who were not first-class workers, could, therefore, not get first-class tradesmen to join them. Good workers sometimes refused to join because home-work was forbidden. Business success was with a few associations the cause of co-operative failure, for substantial profits tempted their members to divide the whole of the surplus instead of reserving the greater part for extending their business and strengthening the Movement. The engineers, the aristocracy of the wage-earning class, showed no greater capacity for association than the sweated tailors. In fact, the East London Ironworks, in which 10 associates employed about 60 other workers, showed a tendency to exclusiveness that was directly opposed to the promoters' aim. Continuously efficient and harmonious labour in association is one of

the last results of co-operative education. It would have been indeed astonishing if the promoters had realised it at the first attempt with the raw recruits whom they enlisted.

Working Men's College.

The Christian Socialists' own conclusion was that working people needed education even more than they had previously imagined if they were ever to engage with success in co-operative industry. When, therefore, they had procured co-operative societies legal protection and brought them together in the annual conference, they decided to carry on their work in the field of education so that they might prepare a foundation upon which Co-operation could afterwards be established. In 1854 they determined to place their educational work upon a permanent basis, and to widen its scope by founding a college. Maurice, so shamefully expelled in 1853 from his professorial chair, now had more leisure. On behalf of the group he drew up the constitution of what is still known as the Working Men's College. No other man was to be thought of as Principal. His assistants were Christian Socialists and others who were attracted by the purpose of the college, which was to place a liberal education in science, philosophy, and the arts within the reach of working men, and no less also, to complete the education of the Christian Socialists themselves and others of the professional and wealthy classes by teaching them to understand the wage-earner as a man and a brother, and not as an object of patronage.

Achievement and Influence of the Christian Socialists.

The College was the last piece of work to be carried through by the Christian Socialists as a body. This body had in its heyday numbered 70 members, but it dispersed inevitably as each man answered the call of his own career. In their six years of united effort the Christian Socialists had effected a change which became, as time passed, more and more apparent in the attitude both of the Church and of the general public to Co-operation and trade unionism. When they disbanded, their influence did not die but was only diffused. Inspired by their teaching and example, many a devoted worker continued to strive for better housing, improved education, and more effective protection of public health. For many years the leaders of the trade union movement continued to come to them for advice and help. But it is scarcely possible to estimate what co-operators owe to the work of the six years that began with 1848. At the very time when the new stores in the north had proved their soundness, and needed legislation to safeguard their development, and working men, still voteless, had slight influence on Government unless they became violent, it was the Christian Socialists' knowledge of the working of the Parliamentary machine that secured co-operative societies their charter. How long co-operative expansion might have been delayed, and into what by-paths the Movement might have strayed but for the timely legal recognition of co-operative enterprise as something different from joint-stock capitalism,

the student will do well to consider. The practical value of the Christian Socialists' experiments with working men's associations seems to be negative rather than positive; they provide more examples of what to avoid than of what to imitate. They attempted them in emulation of what was being done in France, and largely in ignorance of what had been done in England. The Christian Socialists later came to hold a view of Co-operation very like Dr. King's, but it was their own unfortunate experience that brought them to it. Had they been able at the beginning to learn from Dr. King that co-operative production is best attempted after co-operative distribution has been mastered, their experiments would probably have been made in different and more fruitful directions. Nevertheless, the experiments served to reveal the true magnitude of the task of making industry thoroughly co-operative, and bold spirits have been inspired as much as warned by them. Working men's associations for production, in the modified form known as co-operative co-partnership, constitute a wing, by no means inactive, of the Co-operative Movement of to-day.

CHAPTER IX.

WHOLESALE CO-OPERATION.

"The idea of wholesale buying was in the minds of all intelligent leaders, both in England and Scotland, almost from the inception of the retail societies; it was the necessary corollary to the banding of individuals. What delayed its being put in practice was, first, the difficulty of raising capital; but that might have been got over if the leaders had had the opportunity of meeting, which was the second factor in the delay. Might we suggest another reason? We fear that there was not the necessary confidence in each other. But even that was the outcome of isolation; for when men began to meet and express their views no matter how distant from one another they lived, co-operation lessened the distance, and mutual trust was established."

So wrote the late Sir William Maxwell in his "History of Co-operation in Scotland." We agree at once that men who had vision sufficient to realise the possibilities of a retail co-operative society and energy sufficient to establish one, possessed sufficient vision to recognise that wholesale co-operative trading would not only strengthen the primary societies and add to their economic value to their members, but was, *logically, the next stage of the march to the objective of co-operators.*

The application of co-operative principles in retail trade had proved their value to members of retail co-operative societies; it had yielded to these members the profits which in private trade pass to the capitalistic owners. It had, however, done more; it had secured certain economies which can be obtained only when trade is organised co-operatively; and the cash value of these economies swelled the advantages which members of retail co-operative societies gained from their societies. In these circumstances it was natural that the leaders of these societies and particularly those of their number who were forward-thinkers and future-builders should contemplate collective purchasing on behalf of the retail societies by a wholesale society. In the same way that individual consumers supplied their daily needs from goods bought collectively by their retail society, so would retail societies obtain their supplies from goods bought in large quantities by their wholesale society. This wholesale organisation by the magnitude of its purchases would be able to buy from importers and manufacturers on much more favourable terms than the single local society could; and the economic advantages of such a development would pass through the local societies to the individual members of retail societies.

For success to be obtained in wholesale trading a sufficient volume of trade was essential; and this depended, primarily, upon the trade

of the local societies and the proportion of their purchases they were willing to make from the wholesale organisation. The trade of local societies, in turn, depended upon the number of their members, the income of these members and the proportion of their income which they were able and willing to spend at their store. Loyalty even in those days was an important factor in success. It was not possible to establish a successful wholesale society until the retail societies had become sufficiently numerous, had a large enough membership, commanded a sufficient amount of trading support, and were able and willing to pass forward to the wholesale society the volume of trade requisite to enable it to operate economically. It may have been the fear that the probable support was insufficient which led Robert Owen, and others, at the second Congress held in Birmingham in 1831, to doubt the wisdom of entering wholesale trade at that time. Although at the first Congress held in Manchester in May, 1831, Owen had moved a resolution that a wholesale company "be now formed in Liverpool," he now thought "the societies were incapable of competing with the large manufacturers and capitalists," and advocated, as a preferable step, the establishment of relationships with private wholesale merchants. Nevertheless, the Birmingham Congress approved the establishment of a wholesale trading agency. It came into existence and operation at Liverpool, and will be described later in this chapter.

Before proceeding to describe the early and later efforts to establish wholesale trading organisations it is worth while to point out for the benefit of present-day co-operators who are accustomed to a different order of things, that production was not visualised as a function of these wholesale organisations. They were to be trading organisations only. The reasons for this may not be clear, or seem good to co-operators of to-day, but we must remember the circumstances of the time. In the middle of the nineteenth century, groups of craftsmen were seeking to organise themselves as co-operative societies; and apart from what may legitimately be called the craftsman's vested interest in production which would have given rise to opposition it was not until a much later date that the necessity of co-ordinating production with distribution was fully realised. When the plans of the present Co-operative Wholesale Society and Scottish Co-operative Wholesale Society were laid before co-operators in the '60s of last century, production was not included. Indeed, there was opposition from co-operative leaders—including the chairman of the society—when in 1872 it was proposed that the Co-operative Wholesale Society should enter upon production. By this time, however, there were some with the larger vision; and Mr. Percy Redfern in his "Story of the C.W.S." quotes the words of an Owenite, William Bunton, who said: "Next to mother earth, the Wholesale should be the source whence all our wants are supplied." "How much longer," he asked, "are we to use goods of other people's making? Has the wholesale put forth all its strength, and is now capable of nothing more?"

An Early Proposal to Establish Wholesale Co-operative Trading.

We are, however, overstepping the calendar and must hark back to 1830 when we find the first proposal embodying the idea of wholesale trade. The *Birmingham Co-operative Herald* in July of that year, published a letter from John Finch, one of the trustees of the first Liverpool Co-operative Society.* In that letter Finch says: "It is my intention to make the first Liverpool Society† the agents for all the societies in this part of the kingdom, both in the purchase of goods for their stores, and the disposal of the products of their industry." Finch's idea was that his society should be remunerated for its trouble by charging a percentage commission on the value of the goods supplied to retail societies. He also visualised a service for the co-operative societies engaged in production. He says in the letter referred to: "With respect to articles manufactured by the different societies, I think it would be better to procure orders for them before they are sent here, and to sell to none but those merchants that could and would pay cash down for them; this cash might then either be remitted, or the amount sent back in goods, as is most convenient for the parties." Finch, it will be seen, was thinking in terms of an agency rather than a purchasing body which would maintain stocks to be available for societies at a moment's notice.

In the August number of the *Herald* the purchasing agent of the First Liverpool Society reports that "Purchases have been made during the last month as follows: Kendal; £65; Chester, £50; Coventry, £9 6s.; Burslem, £30 os. 2d.; Bradford, £25; Cromford, £25; Birmingham, £53." He continues: "The experience of the last few weeks has proved, that a general union of co-operators, for the purpose of purchasing all the necessaries of life, will be momentous in its moral as well as its commercial results. It will enable societies to buy at the *lowest rate* articles of genuine quality. It will place the weakest society on as favourable a footing as the most powerful shopkeeper. It will save the *time* as well as the money of co-operators; members of committees too often lack both leisure and experience to fill this department well. It offers a most valuable medium of diffusing co-operative knowledge, advice and intelligence. It will tend to bind all co-operators in one powerful interest, and prove to them the immense strength of the principles they advocate." The case for organisation of wholesale trading could not have been better stated at that time.

Finch in his July letter had mentioned that applications had been received from several societies asking his society to undertake purchasing on their behalf, and, says he: "We had two delegates that evening at our meeting, who came from the Potteries to desire that we would do it for all the societies there; we have also had applications from the

*There were at this time about seven or eight societies in Liverpool, all reported to be doing well. Probably between them they had about 500 members.

†Established 1829.

Chester, Bentham, Carlisle, and other societies. They complain of the difficulties they experience in buying at such prices as afford a profit, owing to the smallness of their capitals, and the jealousy of the wholesale dealers, many of whom charge them as high prices for the goods wholesale for ready money, as they sell small parcels for, by retail in their own shops. We feel it to be our duty to render our brother co-operators all the assistance in our power, *without any profit to ourselves*. It is our intention to keep our wholesale accounts perfectly distinct from the accounts of our own shop, we intend to make Mr. Fry our wholesale purchaser, for which he is well qualified, to give him a moderate, not large, salary, and, after other little charges are paid, to apply the balance or profits for the promotion of some general co-operative object."*

The Liverpool agency was to be only one of many in the developments which Finch desired. "In reflecting upon this subject, methinks, I see the whole body of the labouring population of Britain united as one man, raised above the dread of poverty, and enjoying the whole produce of their industry, I see in idea at no distant period a purchasing agent and society at Edinburgh, and another in Glasgow, to supply all the societies in Scotland. I see one in London for the supply of all the Eastern and part of the middle and Southern counties, another in Hull for the North-Eastern counties, one in Liverpool for the North-West counties, North Wales counties, and part of the middle counties, and lastly one at Bristol for South Wales and the remainder of the Southern counties, with a college appended to each and supported solely by the surplus of the commissions upon the purchases, where the children will be trained for community, and receive an education better and more useful than the inmates of either Oxford or Cambridge. Ireland also partaking of the great benefit, with its purchasing agents and colleges at Dublin, Cork, Londonderry, and Belfast. By means of these stations the different societies will be enabled to exchange the products of their industry with each other without any sacrifice in carriage, &c. The wealth of producers will be brought into immediate contact with each other without the intervention of any middlemen to levy a tax upon their industry in the shape of profit, commission or interest, and the surplus of the commissions to the purchasing and exchanging agents at these stations, after paying for labour, will form a fund for a national education of the very best description.

*Finch thought sufficient surplus would be realised to establish a school or college in or near Liverpool "that would in a few years be sufficient, with a little assistance from the labour of the children three or four hours in a day, to pay for the board, lodging, clothing, and a superior education of some hundreds of the children of co-operators, none other to be admitted, and each co-operative society to have the privilege of sending one, two, three, or more pupils according to the amount of the commission on their purchases;" but he had no wish to dictate, the Liverpool Society would not consider the money their own, and if other more useful ways of employing the surplus were desired, well and good, "the residue belongs to our brethren, we wish only to be faithful stewards." The suggestions for the use of the surplus were amplified in the August number of the *Herald* (q.v.).

"You will perceive at once that by these arrangements, all the societies may be made independent of the wholesale and retail shopkeepers in the country, who now attempt in many places, to injure and if possible to crush them: *the smallest societies will in fact be able to sell with their most powerful and wealthy opponents*, as they will purchase their goods upon equal terms with them.

"In conclusion: the first thing we have to attend to, and which must be done immediately, is, to enable all our societies to purchase their goods upon the very best terms, with the smallest amount of capital. The next is to dispose of the products of their industry at the best market: and the last, in *time*, though not in *importance*, is the making preparations for entering into a better state of society. *All this must be done by the labourers themselves, it is quite in vain for them to expect assistance from any other quarter.* It is the grossest folly to expect it from a Government constituted as ours is. Nor is there the least necessity for the labourers to ask for assistance from that quarter, they have only to remain firm and united, and honest and true to themselves, and it will be sooner and better done by them, than it could be by any other persons, however rich and powerful."

We have quoted Finch at some length not merely because his is the first recorded proposal for a national scheme of wholesale trading and describes a scheme in operation, but also because he reveals some of the difficulties of retail societies in the absence of a wholesale society, and makes trading proposals that are so sound that they must have made a strong appeal to thoughtful leaders of retail societies.

A Federal Wholesale Company at Liverpool.

What happened to the wholesale department of the First Liverpool Society we, unfortunately, do not know; but it was probably merged in, or replaced by, the federal company at Liverpool, which was established as a result of the early co-operative congresses which began in Manchester in May, 1831.* At this first Congress, the subject of wholesale trading was discussed, and a resolution deciding to establish in Liverpool the "North-West of England United Co-operative Trading Company" was passed. An official copy of the Congress report is, unfortunately, not available, but from a report† reprinted in the *Co-operative News* of March 11th, 1876, and from the discussion of the report included in the proceedings of the second Congress we learn that both capital and trade had been promised; and, as reported above (p. 105), the Congress passed a resolution determining to commence trading. The result was the establishment of the "North-West of England United Co-operative Company," described in the report of the third Congress (held in London, April, 1832) as "Opened December 12th, 1831."

A report of the committee of the company was presented to that Congress, and from it the following particulars are taken. Many

*The "Co-operative News," March 11th, 1876, says "May, 1830," but it is difficult to confirm this statement.

†Extracts from this report are printed in Appendix I.

societies which had engaged to trade with the company had not done so, though they anticipated "that the causes which have prevented them will speedily subside." (N.B.—The following data should be read in the light of the period covered since the establishment of the company—about three months). "Thirty-one societies have commenced dealing at the Store." "Twenty-one societies have joined the company, by sending their subscriptions or part of them, amounting to £152 7s." "The amount of sales has been £1,830; the commission received has been £24 12s. 1d.; whilst the current expences [sic] have been £51 7s. 3d., leaving a minus of £26 15s. 2d." "Your committee deem it necessary to observe that they are now doing business to meet every expence [sic], and have no doubt they will, ere long, be able to reduce their now small commission of 1 per cent . . ."

It is clear from the report and the discussion which followed its presentation to Congress that the company was valued as a medium for the sale of goods made by co-operative societies just as much as it was valued as a medium through which retailing societies could purchase. At a later session of the Congress, acting trustees for the trading company were appointed and except in regard to the incurring of additional expenses the management of the business was left to the acting trustees. The fourth Congress (Liverpool, October, 1832) received a further report of the trading company. The trustees were able to say that the loss on the first four months' trading had been made good, and that increased business had made possible the realisation of a small balance of profit after paying all expenses. In addition to the sale of provisions, co-operatively manufactured goods to the value of £400 had been sold during the preceding half year. The trustees said that the goods sent from the company's warehouse had given satisfaction; but they pleaded for more trade; and "A trustee," writing in the *Lancashire and Yorkshire Co-operator* of February 4th, 1832, appealed strongly for this greater loyalty, and asked how it was that the agent "who has left home, family, friends, and situation, to serve us, is not encouraged as he had reason to expect." New trustees were appointed to control the company; and in these days of representative and democratic government it is interesting to note that the law did not permit any person to be a trustee of the company if he was a member of a society which had shares in the company. What happened to the company in later days or what brought it to an end we have not been able to trace; but we have given sufficient evidence to substantiate the claim that John Finch was a pioneer advocate of wholesale co-operative trading, that the First Liverpool Co-operative Society, itself a retail society, first undertook such trading on behalf of other retail societies; and that the North-West of England Co-operative Company, established December, 1831, and operating at Liverpool, was the first federal co-operative wholesale organisation for supplying the needs of retail co-operative societies.

For nearly 20 years little more is heard of proposals for the commencement of wholesale trading under co-operative auspices, though

we may be quite sure that the idea still lived in the minds of earnest co-operators. The time of heavy mortality among retail stores in the late 'thirties and early 'forties was hardly a favourable one for undertaking a venture such as wholesale trading represented. But when the Rochdale Equitable Pioneers Society was firmly established, and a number of societies had commenced on the Rochdale plan, conditions were more favourable, and the idea was revived.

A New Start.

It would appear that this revival was due to the Christian Socialists (see, however, page 88, the Rochdale Pioneers) who, if primarily interested in organised co-operative productive societies of craftsmen, were nevertheless also interested in the growing store movement as well, and wished to bring the two types of society into closer relationship. In the autumn of 1849 the leading Christian Socialists formed themselves into the "Society for Promoting Working Men's Associations." The existing associations and those subsequently formed had need of a market for the goods they manufactured, and what was more natural than to think of the market made available by the growing number of retail stores? Again, what more natural than to think, also, of a federation which could assist the associations in the disposal of their produce to these societies and other purchasers? These ideas were in the mind of Le Chevalier who joined the promoters of the Society for Promoting Working Men's Associations in 1849. In 1850 he submitted proposals to the society for the establishment of the "Anti-Competitive or Co-operative Agency," which was to find employment for the capital of capitalists, and assist in finding a market for the working-men's associations. The proposals* were criticised by Ludlow as being based upon a fallacy, and in their presented form were abandoned. Nevertheless, the submission of these proposals by Le Chevalier was probably responsible for the keeping alive of the idea of establishing a wholesale trading organisation, and we may now follow subsequent developments.

Raven, in his book on Christian Socialism, tells us that Le Chevalier's action caused attention to be turned to distributive co-operation; and stores were commenced at the instigation of the leaders of the Society for Promoting Working Men's Associations, Neale afterwards suggesting "the uniting of all the associations with the stores in a single body." Later in the year 1850, Neale visited Paris, and seeing the evils of establishing a large number of small productive societies, some of which might compete with others, continued to press for the formation of an organisation which should bring the associations together, exercise some control over their policy and generally help to unify and co-ordinate their work. He embodied his proposals in a memorandum; and in March, 1851 the chief points of these proposals were published in a further memorandum entitled "Scheme for the

*Reprinted in the Appendix to "Five Years in the Land of Refuge," by J. Lechevalier St. Andre (the name adopted by Le Chevalier).

formation of the Working Associations into a General Union." This memorandum was discussed at a special conference on April 23rd, 1851. Lloyd Jones, who was present at the conference, had just returned from the conference at Bury (see below) and spoke of the desire expressed at that conference by the stores for a "common centre" and "concerted action." The scheme, says Raven, was referred to the Central Board and seems to have dropped.

The idea, however, still survived in Neale's mind; and, according to Raven, early in 1851, he drew up and circulated "Laws for the Government of the Society for the Formation of Co-operative Stores," a proposal which, if accepted would constitute for the distributive side of the movement a body analogous to the society of promoters. The scheme was not wholly followed up: but Neale began at once to develop the wholesale side of the business, and to raise some £9,000 capital. After these preliminaries he proceeded to the creation of a Central Co-operative Agency. This, though primarily concerned with wholesale supply, would serve as a point of contact for all the stores, would supply a market for the products of the associations, and would thus go far towards reconciling the interests of producers and consumers, eliminating middlemen and simplifying the whole process of exchange. Its regulations had been drafted and were quoted by Lloyd Jones in his speech at Bury on April 18th, and they met with general approval. On May 30th a meeting of supporters of the Charlotte Street Stores was held to consider the proposals; and at this meeting the decision was reached to wind up the retail stores; to open the premises as a wholesale depot for the supply of goods in bulk to branch stores and to such existing retail establishments as might wish to have dealings with them, and through the agency thus constituted to develop a system of banking and mutual insurance. Neale himself supplied the funds for the new undertaking, and Hughes, though he could only contribute as an ordinary subscriber, became his co-trustee, the whole property being vested in the two names. Three managers were appointed as heads of the commercial firm: Le Chevalier, whose business was to supervise the sales and conduct of the depot; Joseph Woodin, an experienced and highly skilled buyer with an expert knowledge of the grocery trade, who was to make the purchases and settle all matters of quality and price; and Lloyd Jones, who was to be responsible for developing the connection of the agency with co-operative stores throughout the country, and for assisting in the formation of fresh branches for retail trade. The accounts of the partnership were to be audited half yearly, and the profits devoted, one quarter to form a reserve fund, one quarter for bonuses to deserving employees, and the remainder to promote co-operative associations. The trade name of the firm was Woodin, Jones, and Co. Woodin, who had had a grocery business in Great Marylebone Street, had already been employed at Charlotte. Street, and had represented the stores at Bury.

The establishment of the agency did not meet with the whole-hearted approval of the whole of the Christian Socialists; and a complete

rupture between the Society for Promoting Working Men's Associations and the agency was suggested. The point of difference was apparently the possibility of the diversion of attention from the principles for which the Christian Socialists primarily stood to more commercial activities, since the agency would not have the same specifically religious purpose of teaching men their relations to each other, which was the main and characteristic work of the society. Ultimately, agreement was reached by a declaration that the society was distinct from the agency and was not responsible for any of its acts nor pledged in any way to support it.

The agency during its first year met with great success, a branch store in direct connection with it had been founded in London in April, 1851, but was wound up after one year as a result of internal quarrels, whilst another at 13 Swan Street, Manchester, was started as early as December, 1850*, and was exceedingly prosperous. By the spring of 1852 an average of 15 stores a week were sending orders for goods to Charlotte Street. When Lloyd Jones was recalled from Manchester to undertake control of the selling department of the agency, developments ensued. The preparation and manufacture of commodities by the agency itself was thought desirable as a guarantee of purity and quality. In consequence, a block of buildings comprising showrooms, factory, and warehouse was obtained at 356 Oxford Street, and the business was transferred to the new premises in the spring of 1853; the agency trading as Woodin and Jones, Wholesale and Retail Grocers. Although societies came more and more to obtain their goods from the agency, the trade was insufficient to meet the heavy cost of upkeep and rent of the expensive premises in Oxford Street, and the agency was wound up in 1857.

Whilst the Christian Socialists were thus devoting their attention to the development of wholesale trading, the local consumers' societies were also considering the question.

According to Redfern's "Story of the C.W.S.," a co-operative conference held at Bury on April 18th, 1851, passed a resolution that "it would be advantageous and beneficial to the various co-operative societies if there were a union of action established for the furtherance of mercantile transactions, and, therefore, this conference recommends the establishment of a central trading depot." A committee was appointed, and another conference was held in Manchester in June, when a committee of four was selected to prepare a prospectus and invite financial support for a general depot in Manchester. According to Redfern, this effort proved to be premature, and nothing came of it. In Appendix I. to the "Story of the C.W.S." he gives details of the scheme as drawn up by Mr. Lloyd Jones.

We must now move again to the activities of the Christian Socialists. The passing of the first Industrial and Provident Societies Act in 1852 widened the opportunities of societies and strengthened their position,

*This is the date given by Raven; but it is not easy to reconcile it with other dates referring to the Central Agency.

and the society of promoters, feeling that the new Act facilitated the establishment of closer union among societies, convened a conference of delegates engaged in distributive or productive co-operation to determine the best mode of carrying on their work with reference to the new Act. This conference was held at Castle Street, London, in July 1852; and delegates attended from 28 societies, reports or letters of adhesion being sent by 11 other societies. Many subjects were discussed by the delegates, who decided that a similar meeting should be held annually; and Manchester was selected as the meeting place for the conference of 1853. At the 1852 conference, the following resolution was passed on wholesale trading (vide *Co-operative News*, March 17th, 1877). "That the committee appointed at the conference be empowered to draw up a plan for the establishment of wholesale central depots, from which co-operative bodies may be supplied with such articles as they want, of the best kind, and in the best manner, and by means of which exchanges may be effected of such articles as associated bodies may be engaged in producing." The delegates' criticism of the Central Agency was not dissatisfaction with the quality and price of goods received from London, but a feeling that the northern stores required a centre nearer their own doors, and also the possibility of securing certain goods that could not be supplied from London.

At the Manchester conference held at the Cooper Street Institute, in August, 1853, a scheme was submitted for the formation of an Industrial and Provident Societies' Union, and three suggestions* were made in regard to wholesale trading. These suggestions were (1) That a wholesale society be commenced by stores contributing according to membership and trade to a common fund, the capital so obtained being employed to construct and put in motion a wholesale society which would avoid the competition among the buyers of the stores and ensure the satisfaction of their wants. (The reasons against the adoption of this method—chiefly the risks, were given by the committee.) (2) That large stores in various localities should act as wholesale agents for smaller stores which would purchase all their requirements from the larger society, and in turn this society would charge commission "sufficient to remunerate capital and labour required for the undertaking." This scheme was recommended as being practicable and more suitable to the needs of the movement than the first recommendation. (3) That a wholesale buyer be appointed by a number of societies and an office opened, lists of goods and quantities to be sent to the buyer each week and purchasing for all societies to be undertaken by him in bulk; goods, when purchased, to be sent to some appointed place and redistributed to local societies; purchases to be made, where practicable, from productive societies.

This scheme (No. 3) was most strongly recommended and considered to be most desirable. It had been the subject of discussion

*The full suggestions are contained in the article by Mr. Neale at pp. 127–8 of the *Co-operative News* for March 17th, 1877.

at a conference (at Bradford) two years previously, but not put into practice. Although societies were recommended to adopt this third scheme, none did so.

Wholesale Activities of the Rochdale Pioneers.

The second scheme was applied at Rochdale in 1853, says Neale, "two months after it had been suggested by the report of the Congress, where, though the Rochdale Pioneers were not formally represented, there was present, as a visitor, a distinguished member of the society, Mr. Smithies," (page 127, *Co-operative News*, March 17th, 1877).

An inspection of the minutes of the Rochdale Pioneers Society reveals the necessity for supplementing the data supplied by Mr. Neale and other data so far given. A minute of a board meeting of the society, September 26th, 1850, records a decision that "letters be written to all co-operative stores informing them that a meeting will take place, delegates to consider the best means of purchasing our goods together," and a minute of a board meeting held November 25th, 1850, records a decision "that the shop be opened for wholesale (trading?) on Mondays at 1 o'clock and that William Cooper and John Healey attend on the wholesale customers."

The wholesale department of the Pioneers, we have seen, was established in 1850 and not in 1853 as mentioned by Neale. The department was continued; and a minute of a board meeting held October 11th, 1855, records "that the following articles be in the wholesale: sugar, syrup, treacle, butter, coffee, rice, tobacco, cheese, raisins, soap, currants, potatoes, and candles;" and a further minute of the same meeting records a decision "that this board allow £3,000 to carry on the wholesale and that the wholesale pay interest on that amount." There must have been some discussion in the society regarding the wholesale department, for at a members' quarterly meeting held January 7th, 1856, it was decided that the wholesale department be continued and that a committee of seven persons be appointed to ascertain the "best mode" of carrying on the wholesale.

Although Holyoake in his "History of the Rochdale Pioneers," either omits to mention, or wrongly dates, certain developments of wholesale trading by the Pioneers,* his book is the only source of information now available of these developments during the years 1854-57. He says (p. 34) that the wholesale department was commenced

*e.g., He quotes a minute of July, 1853, "That Joseph Clegg look after the wholesale department," and describes this as first entry concerning the wholesale. This, we have seen, is not the first reference; and Holyoake himself in the same paragraph says, "There either was then a wholesale of some kind in existence, or one was there and then agreed upon; but only Dr. Darwin himself could trace the descent of the wholesale species from anterior records here." Holyoake, however, quoted "Mr. Bamford" as conjecturing that this minute of July, 1853, refers to the drapery department only, and this conjecture probably fits the facts.

in 1855; but we have seen that it was commenced earlier; and his own quotation of the minute of July, 1853, shows that wholesale trading began before 1855, and our own quotation of minutes of the society shows that it began even earlier than 1853. Holyoake continues "After registering the society under the 13 and 14 Vict., chap. 115,* the society turned its attention to a wholesale department, an operation which would have been impossible but for the legal protection of this Act," and he goes on to quote some of the society's rules relative to this department. In a later chapter of his book (chap. XX.) Mr. Holyoake deals with "The Origin of the 'Wholesale'" and makes many references to the wholesale trading of the Pioneers. After quoting from the minutes of the society's committee the reference to the appointment of Joseph Clegg to look after the wholesale department (footnote p. 114), he says, that at a general meeting of members on September 18th, 1853, it was resolved "to accept the terms of the conference, and become the Central Depot." "This conference" says Holyoake, "is one supposed to have been held at Leeds."† He continues: "At a general meeting of members, held the following month, October 23rd, 1853, the first laws of the wholesale were adopted." These laws, and a full quotation from Holyoake's "History of the Rochdale Pioneers," regarding the wholesale department are given in Appendix II.

It is one of the difficulties of the historian that it seems impossible to present a logical story of the early development of institutions either because information on vital points is missing or because different writers give different accounts of events; and these accounts can not easily be reconciled. Thus the official history of the Co-operative Wholesale Society ("The Story of the C.W.S.," by P. Redfern) says, (p. 14) that a co-operative conference was held at Rochdale in 1855, the Pioneers having convened the conference because the Society for Promoting Working Men's Associations had not been able to organise the annual gathering that year. "The conference agreed that 'it is the duty of the various co-operative stores to deal with some co-operative centre, and that Rochdale be recommended as the centre for the surrounding neighbourhood.' After a further conference of societies in the locality in 1856, the Rochdale Pioneers consented to commence a wholesale department. Accordingly, they formed a separate wholesale committee, and set aside capital for the new venture. But a series of losses, amounting in all to £1,500, obliterated the profits, and after

*This was the Consolidating Act for Friendly Societies of 1850. It repealed the Acts of 1829 and 1834 under which the Rochdale Pioneers had enrolled. 1850 is an earlier date than Holyoake gives as the date upon which wholesale trading was commenced; but it agrees with the minutes we have quoted on page 114.

†Is this the conference held in Manchester in August, 1853? It would seem so from Neale's article in the *Co-operative News*, March 17th, 1877.

three years the department was closed."* A somewhat similar account is given in the handbook of the 1892 Congress, which was held at Rochdale, but, as we have already seen, the Pioneers had commenced wholesale trading before 1856.

Nevertheless the decisions of the conferences of 1855 and 1856 should be read in conjunction with the quotations from Holyoake's History given in Appendix II. Evidently, judging by the information given us by Holyoake, an effort was being made in 1856 to establish a separate wholesale society, for the quarterly meeting of the Rochdale Pioneers on June 2nd, 1856, decided that the society invest £1,500 in the North of England Co-operative (Wholesale ?) Society, but no further information about this society seems now to be available.

Co-operative Wholesale Society.

The next development is the establishment of the present Co-operative Wholesale Society. The efforts in the '50s had been unproductive of permanent results, but when the new co-operative magazine *The Co-operator* was published in 1860, societies had a medium for the expression of their desires, for the collection of information regarding the number and location of retail societies, and for the creation of opinion favourable to the development of wholesale co-operative trading on a federal basis. In the first volume of the *Co-operator* the editor suggested the establishment of a union of societies, and the holding of a conference at which the establishment of a wholesale agency might be considered ; and correspondence in subsequent numbers showed that the proposal had aroused considerable interest.

In the February, 1861, number of the *Co-operator*, an extract from the Manchester and Salford Co-operative Society's almanac for 1861, includes suggestions that "were adopted at a conference held at Manchester on Christmas Day (1860 ?) of delegates from nearly all the co-operative societies of Lancashire and Yorkshire." Most of the suggestions bore upon alterations that were desired in the existing laws : but the extract concludes as follows : "As a step towards the

*Holyoake's "*History of the Rochdale Pioneers*" (p. 35), says, "In 1854, a conference was held in Leeds, to consider how the co-operative societies of Lancashire and Yorkshire could unite their purchases of produce and manufacture among themselves. Mr. Lloyd Jones lent his valuable counsel on this occasion, and at Rochdale, where a second conference was held in August, 1855. He tells us that societies desired to see how the venture succeeded before joining it, but "The Equitable Pioneers accepted the initiative with their usual pluck." As Holyoake shows on the previous page of his book that the Pioneers had commenced their wholesale department five years earlier, the action they took in 1855 seems a strange one to be called "initiative." Holyoake makes no reference to the conference of 1856 quoted by Redfern ; but he does say what is probably true that the Pioneers lost nearly £500 on wholesale trading in the March quarter of 1856, which would hardly have been possible if Redfern's account that the Pioneers consented to commence a wholesale department after a conference in 1856 is correct. Abraham Greenwood in his paper on the establishment of a wholesale society reproduced in App. III, and reproduced also at pp. 407-413 of Redfern's "Story of the C.W.S.," gives 1852 as the date when

formation of a Central Wholesale Depot, it was resolved that buyers for co-operative societies, attending the Manchester Market, should meet at Mr. Crossley's Temperence Hotel, 9 Green Street, Tib Street, near Smithfield Market, and that the butchers should meet at the Salford branch of the Manchester and Salford Equitable Co-operative Society. Every arrangement will be made to promote the comfort and facilitate the business of those attending." Whether these meetings were held, and, if so, with what result, we have unfortunately no record, except that in a footnote to a letter from the secretary of the Hebden Bridge Society in the December, 1861, number, Mr. J. C. Edwards said "I am sorry to state, that the agents or buyers of co-operative societies have not deemed it advisable to meet for mutual advice and assistance, as suggested at the co-operative conference."

In the same number of the *Co-operator* in which Edward's footnote appeared, a letter from William Cooper was printed, accompanied by a copy of a circular which had been sent to 96 co-operative societies, mostly in Lancashire, but a few in Yorkshire, Cheshire, and Staffordshire (the letter asks societies within a reasonable distance of Rochdale who had not received a circular from their address not being known to consider themselves invited by that letter and circular) to send one or more delegates to a conference. The primary purpose of the conference, which was to be held in the newsroom of the branch store in Oldham Road, Rochdale, on Christmas Day, 1861, was to consider the relationships of the societies to an extension and amendment of the Industrial and Provident Societies Acts; but, says the circular, "If time permit, at the conclusion of the special business of the conference, the attention of the meeting will be called to the desirability of establishing a depot for supplying groceries and other goods to stores at wholesale prices."

In the February, 1862, number, a report from the pen of William Cooper describes the Christmas Day conference at Rochdale. About 90 delegates were present from the principal societies in Lancashire and Yorkshire. The first business was to deal with the proposed amendment of the Law relating to Industrial and Provident Societies, and among the later business of the conference was a consideration of wholesale trading and it was resolved: "that this meeting considers it advisable to attempt the establishment of a Wholesale Depot as soon as possible after the passing of the Bill." (N.B.—The 1862 Act facilitated the establishment of a wholesale society on a federal basis.) The subject was evidently agitating opinion in many parts of the country for, in addition to proposals emanating from the North and London, the societies in the Gloucester District were convened to a conference on March 18th, 1862, to confer on the formation of a wholesale store for that area; and in the notice it was suggested that similar conferences should be held in other centres of co-operative trade throughout England, whilst it would be very desirable to hold a general conference in London during the International Exhibition.

Returning again to Lancashire, it is found that on Christmas Day, 1862, a further conference of the Lancashire and Yorkshire societies was held in the lecture room at the Oldham Stores. Abraham Greenwood was in the chair and William Cooper acted as secretary. "The afternoon was almost wholly devoted to reading and discussing a paper of the chairman on the propriety of the establishing a central depot of wholesale agency." The discussion resulted in the following resolution being agreed to: "That in the opinion of this meeting it is desirable that we establish a wholesale depot or agency." The report continues: "A committee will be formed to collect information on the subject, and prepare a prospectus of the scheme to be submitted to a future meeting." "Mr. Greenwood is revising and amplifying his paper on 'Wholesale Agency' for the March *Co-operator*."*

Very little criticism appeared in the co-operative press after the publication of Greenwood's plan. In April, however, a letter on the subject from Mr. Malcolm Ross of Bradford occupied nearly two

*The revised paper from Greenwood's pen appeared in the *Co operator* for March, 1863. It is reproduced in App. III, and is also reprinted in the Appendix of Redfern's "Story of the C.W.S." The following is a summary of the plan:

(1) That an office be opened either at Liverpool or Manchester, orders sent to the agency to be aggregated, the agency's purchaser then purchasing the necessary quantity of goods to supply the detailed orders, and giving the selling firms instructions regarding delivery. Greenwood pointed out that this plan would require very little warehouse accommodation.

(2) That the policy of buying and selling for ready money be strictly adhered to in all transactions of the agency.

(3) That none but Co-operative Stores should be allowed to join the agency.

(4) Each store joining the agency should pledge itself to deal exclusively with the agency in those articles which the agency supplied.

(5) That a small percentage be charged to each store as commission on the amount of business done through the agency.

(6) That the necessary amount of capital for carrying on the agency be raised, pro rata, on the number of members belonging to the stores joining the agency.

(7) That stores pay their own carriage.

Greenwood suggested that the following benefits might legitimately be expected from a wholesale agency.

First: Stores will be enabled, through the agency, to purchase more economically than heretofore by reaching the best markets.

Second: Small stores and new stores are at once put in a good position, by being placed directly (through the agency) in the best markets, thus enabling them to sell as cheap as any first-class shopkeeper.

Third: As all stores have the benefit of the best markets, by means of the agency, it follows that dividends paid by stores must be more equal than heretofore; and, by the same means, dividends will be considerably augmented.

Fourth: Stores, especially large ones, will be able to carry on their business with less capital. Large stores will not, as now, be necessitated, in order to reach the *minimum* prices of the market, to purchase goods they do not require, for the immediate supply of their members.

Fifth: Stores will be able to command the services of a *good buyer*, and will thus save a large amount of labour and expense, by one purchaser-buyer buying for some 150 stores; while the great amount of blundering in purchasing at the commencement of a co-operative store will be obviated.

columns. He thought that it was wrong to ask each store to pledge itself to deal exclusively with the agency in those articles which it supplied, and was of opinion that societies which became members of the agency should contribute in proportion to their capital; but he gave the plan his general support.

In the *Co-operator* for April there was also an advertisement above the signature of William Cooper calling a co-operative conference to be held on Good Friday, April 3rd, 1863, in the Public Hall, Kirby Street, Canal Street, Great Ancoats, Manchester, at 10 a.m., to discuss the Wholesale or Depot Rules, "a copy of which was to be forwarded later," with a view to their adoption or amendment. Societies were asked to send one or more delegates with instructions to say whether it was the intention of their society to join the agency or not. Societies that had not received a circular convening the meeting, through their address not being known, were also informed that they were desired to appoint a delegate or delegates to the conference. In the May number, Mr. J. H. Salkeld, in an article described as a "Sketch of the Co-operative Conference," gives some interesting details of the conference. About 200 delegates were present under the chairmanship of Mr. Cheetham of Rochdale.

A correspondent signing himself "Observer," also gives a report of the conference, and says delegates were present from places as distant as Dublin and London, though the greater part were from Lancashire and Yorkshire. The relative merits of the Joint Stock Companies Act, and the Industrial and Provident Societies Act, were discussed in relation to the requirements of the new society, and as the latter act was considered the most suitable it was decided that the society should be registered under its provisions. It was also decided that none but co-operative societies should be admitted as shareholders, that it should be a federation of stores and that shares should be transferable and of the value of 5s. each, the members to take up one share for each of their own members, and that 1s. per share be called up. It was resolved that the next conference take place at Liverpool during Whit-Week.

Mr. Salkeld continued his sketch of the conference in the June, 1863, number, giving more details than the correspondent previously quoted. The next note is also in the June number, and is a letter from William Cooper intimating that the Conference Committee "are rearranging the rules for the 'North of England Co-operative Wholesale Agency and Depot Society Limited,'" and the rules would be sent for registration to the Registrar as soon as ready. He also said the committee had decided not to call the delegates' meeting at Liverpool as recommended by the Good Friday meeting; but when the rules were certified a copy would be sent to every society with a circular announcing a delegates' meeting, and inviting those societies which proposed to join the agency society to send delegates.

Meanwhile the South was still pursuing the subject. The London Association for the Promotion of Co-operation was already established, and holding a conference on the second Friday in each month. It announced that at the July meeting the business would be to consider what steps could be taken towards establishing a wholesale depot and agency for the Metropolis—probably on the plan of the North of England Co-operative Depot and Agency Society Limited. Wholesale Co-operation in London was again referred to in an article on Co-operation in London by Henry H. Wiltshire. The London Association for the Promotion of Co-operation was attempting to secure from Metropolitan secretaries correct returns of their societies' activities and position, and "As soon as this is done, a conference will be called to consider the establishment of a London Wholesale Agency or Depot; as it is thought—and perhaps rightly—that the agency about to be established on the banks of the Mersey or the Roche [sic] will be too far removed to deal advantageously with the wants of co-operators in the neighbourhood of the Thames."

William Cooper in a letter to the *Co-operator* dated August 15th, announced that the rules of the North of England Co-operative Wholesale Industrial and Provident Society Limited had been certified by the Registrar, and that he expected the committee would shortly decide to call a conference of societies. And in the October number a copy of the circular convening the conference was printed. It announced that the provisional committee had arranged to hold a meeting of the society at Union Chambers, Dickinson Street, Manchester, on Saturday, October 10th, 1863, when all co-operative societies intending to join the society were requested to send one or more representatives with power to take shares. It was further announced that the meeting would admit members, appoint a committee of management, and transact other business.

An advertisement of the society appeared in the *Co-operator* for December, 1863, and the following list of officers and committees was given:

President: Abraham Greenwood, Rochdale.
Treasurer: Councillor James Smithies, Rochdale.
Secretary: John C. Edwards, Manchester.
Auditors: David Baxter in Manchester. John Hankinson in Preston.
Committee: Charles Howarth, Heywood; Thomas Cheetham, Rochdale; John Hilton, Middleton; William Marcroft, Oldham.

It was stated that the object of the society was to bring the producers of commodities nearer to each other, and thus secure for the working classes those profits that have hitherto enriched only the individual. Although the development of the enterprise was hedged about with great difficulties it was necessary to remember that the trade of co-operative societies in the preceding year had amounted to 2½ million sterling. It was reported that upwards of 14,000 shares had been taken up at that time by rather more than 40 societies, principally Lancashire

societies; arrangements were being made for the appointment of an efficient buyer and business was to be commenced at as early a date as possible. It was understood that Liverpool was likely to be the headquarters of the society, but information could be obtained from the secretary at 168 Great Ancoats Street, Manchester, and shares could be taken up at the same address. Subsequent developments will be more fittingly described in a later chapter (Chapter XIII).

No reference has been made to the meeting at Jumbo Farm, to which Redfern refers in his "Story of the C.W.S." The principal authority for the suggestion that the C.W.S. was born at this meeting is Mr. William Nuttall, formerly of Oldham, who was for a time cashier of the Wholesale Society. In a paper which he read at the Co-operative Congress, of 1869, he stated that on "the third Sunday in August, 1860, a few friends from Rochdale, Oldham, and Middleton met in a barn belonging to a co-operative farm at Jumbo, near Oldham, where the necessity for a general depot was again discussed, the proposition being introduced by one of the present servants of the Wholesale Society, and supported by the late William Cooper. Mr. Marcroft, of Oldham, urged that a federation of stores was impossible until the Act of Parliament was amended, enabling stores to invest capital in their corporate name in other similarly constituted societies. Cooper characteristically replied, that 'No Act of Parliament could stop them if they only did what was *reet*' (the Lancashire dialect for right). The majority, however, ruled that the Act must be amended and that stores must have power to hold land and buildings.

"A conference in Rochdale next met and discussed the 'general depot' question, 'the investment of capital in societies' names,' 'the acquisition and disposal of land and other property,' 'limited liability,' and the power to 'appropriate a part of the profits to educational purposes.'

"At another conference, held in Manchester on Christmas Day, 1860, it was agreed to prepare a Bill for Parliament, embodying all the questions to which reference has been made. With the assistance of several old friends in London, this Bill ultimately became law and thus cleared the way for the Wholesale Society.

"The preparation and passing of the Bill extended over a couple of years. Much discussion took place through the columns of the *Co-operator*, and at several co-operative conferences as to whether the proposed Wholesale Society should be merely an office to receive and execute orders without keeping stock, or whether a warehouse should be built, a large stock kept, the society chartering their own ships, importing their own goods, and even growing in this and other countries the articles they consume and divide profits on purchases."

The next event referred to by Nuttall was the Christmas Day conference at Oldham, when Abraham Greenwood read his paper proposing a plan for a wholesale agency, after hearing which, the delegates present passed a resolution expressing the desirability of establishing a wholesale agency or depot. This conference has

Scottish Co-operative Wholesale Society.

The establishment of the Co-operative Wholesale Society was conceived and achieved by English societies and co-operative leaders. There were, however, societies in Scotland and their need for a wholesale centre was as great, perhaps greater, because of geographical conditions. A number of Scottish societies joined the English organisation in its early days; but in 1867 when transport facilities were less efficient than they now are, and Manchester was even more remote from Scotland than it is to-day, the Scottish leaders who desired to have wholesale facilities conveniently placed at the disposal of Scottish societies asked the English organisation to establish a branch in Scotland. This request was refused, probably because such a development was thought to be beyond the strength of the new organisation which had commenced business only three years before, for a similar request for a branch to be established at Newcastle was also refused in the same year. That the refusal to establish a branch in Scotland was not animated by any disregard for the importance of such a step is evidenced by the appointment by the committee of the English Wholesale Society of its cashier to attend a conference of Scottish societies in Glasgow, in June, 1867, when he promised the fullest possible help of his organisation in the formation of a Scottish wholesale society, including facilities for the transfer of the shares of its Scottish members to the Scottish society when established.

The conference in 1867 was by no means the first that had been held in Scotland to consider the establishment of a Scottish wholesale co-operative agency, nor the first time that Scottish co-operators had shown their interest in wholesale co-operative trading. When the formation of a wholesale society was being discussed in the columns of Pitman's *Co-operator*, prior to the establishment of the English society, Scottish co-operators had taken a part in the correspondence. As early as 1863 the societies in Edinburgh established the "Edinburgh Central Co-operative Association," which was a wholesale agency. It enrolled eight society members within a fortnight, and was buying goods for its members before the end of June, 1863. The association continued for four years, not without its difficulties, and its leaders recognising the limitations of a local agency, gave help in launching the national society—the present Scottish Co-operative Wholesale Society which came into legal existence in 1868.

1863 was a memorable year in the history of Scottish Co-operation for it not only saw the beginnings of the first experiment in wholesale co-operative trading, but saw the birth of a Scottish co-operative journal—*The Scottish Co-operator*, edited by John McInnes of Barrhead. First published in July, 1863, *The Scottish Co-operator* before the end of the year was advocating the establishment in Scotland of a wholesale society similar to that which English co-operators had formed and registered in August of that year. Correspondence and editorials showed that the proposal was favoured, and was gaining ground; and in April, 1864, Alexander Campbell and the committee of the Glasgow

at the Bell Hotel, Trongate, Glasgow, "to consider the necessity of establishing a wholesale depot or agency in Glasgow for the purpose of supplying co-operative societies in the West of Scotland and elsewhere with pure groceries and provisions from the best markets." The conference was duly held and a report appeared in the *Co-operator* for May, 1864. Abraham Greenwood's paper which had led to the establishment of the wholesale society in England was read to the delegates who represented 26 societies with 6,111 members, a capital of £12,901, and a weekly trade of £2,703. Fourteen delegates voted in favour of an agency without a depot, and 11 for an agency with a depot attached. A committee was formed to carry out the decisions of the conference, but before it could do so, the Glasgow Society, which had taken the leading part in the proceedings found itself in difficulties. Two months after the conference, a notice to wind up the society was presented; a year later the society disappeared; and no direct result followed the conference. This was a regrettable end to a conference described as "one of the most important co-operative gatherings ever held in Scotland," and its business as "building a bridge that would carry co-operators to prosperity."

Despite his having been ignored by the promoters of the Glasgow conference, McInnes continued his advocacy of the wholesale agency in the pages of *The Scottish Co-operator*; and at a meeting held at the offices of that journal in Barrhead, on September 2nd, 1865, the wholesale agency was mentioned. McInnes was instructed to get in touch with the committee appointed at the Glasgow conference in order to ascertain what it had done and what progress had been made. The secretary of the deceased Glasgow society replied that nothing had been done, and only two members of the committee were now resident in Glasgow.

The way was, therefore, clear for a fresh start; and a conference was convened in April, 1866, at Glasgow. Forty societies were represented at this conference which was also attended by Mr. J. C. Edwards, cashier of the English Wholesale Society, who was ready to give what help and advice he could. Caution seems to have dominated the delegates who were apparently of the opinion that the time was not yet ripe for the establishment of a Scottish organisation, for they passed the following resolution, which indicates a weaker determination than had marked the decision of the 1864 conference:—

> "That the delegates impress upon the members of their respective societies the importance of taking shares in the North of England Wholesale Co-operative Society, and also the great necessity of giving to it the largest measure of support possible."

As a report of the conference is given in full in Flanagan's "Wholesale Co-operation in Scotland," and in Maxwell's "History of Co-operation in Scotland," no further reference to it is necessary here.

Some Scottish societies followed the decision of the conference and others did not. The distance from Manchester was great and

impossible, and as most of the trade was in foodstuffs carriage difficulties were also very great. Criticism on these grounds added weight to the arguments of those who wished to see an agency or depot, or both, established in Scotland; and they were further strengthened by the demands that were being made in England for the opening of branches of the English Wholesale Society in Newcastle and London, because of the distance between the societies in those areas and Manchester. It is, therefore, not surprising that at a further conference held in the following year (June 8th, 1867) at Whyte's Hotel, Ingram Street, one of the subjects discussed was "the necessity of a wholesale agency in Glasgow, either as a branch of the North of England Wholesale Co-operative Society or independent of it, but purchasing from it as much as possible." Thirty societies were directly represented at the conference whilst other societies had asked the secretary of the conference (Mr. McInnes) to act for them. As previously mentioned, the cashier of the English Wholesale Society (Mr. J. C. Edwards) attended the conference on behalf of the committee of his society. He had to express the regret of his committee that they could not see their way to establish a branch in Scotland, as centres in England had prior claims that were not yet satisfied; but the committee were willing to give all the help they could to Scottish co-operators, and were willing to facilitate the transfer to a Scottish Wholesale Society of the shares of Scottish members of the English organisation. In the face of the refusal of the English Wholesale to open a branch in Scotland, the societies present had no alternative but to establish an independent society for Scotland and the conference, therefore, passed the following resolution:—

> "That this conference, convinced of the advantage and necessity of a wholesale agency, and seeing that the North of England Co-operative Wholesale Society cannot extend a branch to Scotland, hereby appoint a committee to diffuse information, make the necessary arrangements for commencing a wholesale co-operative society in Glasgow, and in the meantime make use of the North of England Society for the supply of our wants as shall be deemed desirable."

The committee included several prominent, able and enthusiastic co-operators. It immediately set to work, advertised the proposed wholesale society, and issued for the benefit of Scottish societies a statement of objects which the new society would pursue. It also collected information as to the number and location of retail societies in Scotland, their membership, capital, and trade. After this preliminary work the committee called a further conference held on successive days in Glasgow and Edinburgh on January 1st and 2nd, 1868. Forty societies with a combined membership of 9,254, a total capital of £34,888, and annual trade of £258,399, were represented at one or other or both parts of the conference. Information regarding other societies not represented at the conference was also available, and the possibilities of success as well as the need for a wholesale society, were evident to those present at the conference. It was agreed that a wholesale society

should be established, its first centre to be in Glasgow, and its second in Edinburgh, if, and when, that step was justified. The committee was increased and made more representative; and the committee thus enlarged was instructed to prepare rules on the model of those of the English Wholesale Society, to print those rules and to forward a copy along with a form of application for membership to every society in Scotland. A further conference was to be arranged after this had been done; and this conference was to consider any proposals to amend the rules and to appoint a committee of management.

By May, 1868, the new society was registered (the date given is April 20th, 1868); and invitations for membership were then issued. The society was now a legal entity, and at the next meeting the provisional committee was replaced by a new committee appointed under the rules; and the new committee took over the control of the society and its management. When the delegates met to do this and other work, 43 were present from 33 societies. Once again Mr. McInnes represented several societies that could not send one of their own members as a delegate. The rules as drafted were submitted, amended and approved. They provided for shares of £25 each, and these were to be withdrawable as it was thought it might encourage societies with limited capital to "join up," if they could withdraw their capital in case of need. There was already a nucleus of trade available, for several societies were members of and/or drawing supplies from the English Wholesale Society; and business was commenced September 8th, 1868. The first business premises were at 15 Madeira Court, 257 Argyle Street, Glasgow, premises that have since given way to railway extensions. Only 28 societies had become members when the first quarterly report was issued; but the report was an optimistic one, and, says that the directors were "proud to state that the balance sheet is a conclusive argument that most of the societies who are members have faithfully done their duty." Some members, however, had not purchased as much as they might have done; but a few non-members of the society had taken advantage of the trading facilities which the society provided; and these societies were urged to become members. The trade for the quarter amounted to £9,697; but was £1,000 a week at the end of the quarter; it was proposed to place the profit (£48) to a reserve fund. At the quarterly meeting on January 2nd, 1869, it was also decided that in future a definite proportion of the profits should be allocated quarter by quarter to the reserve fund. Membership, capital, and trade continued to increase during succeeding quarters; and in 1870 the trade amounted to £105,000. The only other outstanding event to be noted before the end of 1870 is the adoption of the "bonus on wages" system. Bonus on wages was introduced as an evidence of co-operative employment providing benefits above and beyond what employment in private trade provides. It was a recognition of the contribution of the employee to the success of the society; and the principle was already adopted by a number of retail societies. The decision to pay bonus on wages was made in October, 1870, and the rate of bonus was twice the rate of dividend on purchases.

CHAPTER XI.

NATIONAL UNITY.

In order to establish the Wholesale Societies, co-operators had been obliged to clear the ground and lay foundations for several other federal organisations. In Lancashire and Yorkshire and in Scotland the double task of securing the amendment of the Industrial and Provident Societies Act, and drawing up constitutions for the Wholesale Societies, required periodic delegate conferences, together with executive committees to give effect to their resolutions. After the Wholesale Societies had proved themselves able to make their own way, co-operators found that there still remained many common problems on which they still needed to confer, and thus the conferences continued to be held. A few co-operators then began to see clearly that their constructive work needed rounding off by the establishment of an organisation embracing all kinds of co-operative enterprise, providing them with legal and other technical advice, teaching them, guiding them, defending them, focussing co-operative opinion, representing the Movement in its dealings with such bodies as the trade unions and the Government, organising systematic propaganda, and assisting pioneers in remote districts. The construction of the framework of this organisation was begun within five years, and was completed in its main lines within ten years after the formation of the Co-operative Wholesale Society. Nevertheless, its story should properly begin much earlier.

Need for a National Union.

The Society for Promoting Working Men's Associations did much of the work of a central advisory organisation between 1850 and 1854. Its barrister members advised societies concerning the requirements of the Industrial and Provident Societies Act, and the drafting of rules. Its organ *The Christian Socialist*, served to disseminate information concerning Co-operation amongst interested working men and probably amongst a wider public. Its annual conferences were instrumental in bringing co-operators of different regions and varying schools of thought together and provided a forum for the discussion of common problems. After 1855 most of these aids to co-operative growth ceased to exist. Co-operative propaganda was not suspended, but it was carried on by individual co-operators imbued with the missionary spirit. Many of the best amongst the Rochdale Pioneers were ardent and energetic propagandists, and they not merely spread their gospel by numberless speeches and addresses in the towns and villages of Lancashire and Yorkshire, but explained their system through the post to distant enquirers whose numbers rapidly increased as its success became ever more assured and more widely known. For this growing fame the

press was chiefly responsible. In 1857 G. J. Holyoake published the first part of his "History of the Rochdale Pioneers" (which first appeared in the *Daily News*), and his books, as well as well-informed articles in the reviews, such as *Chambers Journal*, arrested the attention of all classes of people. This wide publicity proved almost embarrassing to the Rochdale co-operators whose time, if they would have allowed it, might have been completely occupied with answering inquiries and giving advice. Smithies and Cooper in particular, because they showed a ready willingness to undertake this kind of work, and were better educated than most of the others, soon became, as Holyoake remarked, drudges. In other localities there arose enthusiasts also, like William Marcroft of Oldham, Edward Hooson of Manchester, and John C. Farn of Eccles, who volunteered for this kind of drudgery, and sacrificed leisure, family life, and health in order to do it.

Even after the Society for Promoting Working Men's Associations had been disbanded, Ludlow, Hughes, and Neale, who were well known to the co-operators both of London and the North, and who knew the law, and at the same time understood Co-operation, were continually appealed to for help by societies whose rules had been faultily drafted and rejected by the Registrar or which encountered other legal difficulties. Much of the advice that they gave did not cost societies nearly as much in fees as they were entitled to charge. In time, thoughtful co-operators perceived that the Movement had no right thus to take advantage of the enthusiasm of its members or the sympathy of the Christian Socialists. The only fair, business-like, and in the long run effective method was to create a special organisation for these purposes, and to provide it with an income which would enable it to employ experts at adequate salaries. Finally the prevailing confusion between joint-stock and co-operative enterprise needed clearing up once and for all. This was the era of "working-class limiteds," which were companies capitalised by shares carrying limited liability held by wage-earner shareholders. Such companies were often taken for co-operative societies and *vice versa*, and an authority was required to define and maintain the difference between them. An editorial in *The Co-operator*, a monthly magazine which the Manchester and Salford Society began to publish in 1860, marks the beginning of systematic work for national unity. In the issue for October, 1860, the editor, Henry Pitman, wrote:—

> "There are few localities where co-operative stores have not been commenced; and we shall not be contradicted when we state that they can be counted by the hundred. We ask then if the time has not arrived to collect these scattered fragments . . . these separate co-operative societies together, and establish a strong and indissoluble union of co-operators? A conference composed of representatives from societies in every part of the country might, in a very short time, be arranged to be held at

At this very time a group of Lancashire co-operators were holding the informal meetings which resulted in the conference of delegates from Lancashire and Yorkshire societies, held in Manchester on Christmas Day, 1860. Called into existence primarily to decide upon the amendments to the Industrial and Provident Societies Acts, necessary to permit of a federal wholesale society, the conference elected an executive committee to carry on its work, and to convene a second conference the next year. Thus, was founded the first of the conference associations, for the Lancashire and Yorkshire conference, after it had successfully launched the North of England Wholesale Society, began to discuss ways and means to co-operative insurance and a co-operative newspaper, and to hold its meetings in a different centre each year. *The Co-operator* for the year 1862, shows that the idea of conferences had been adopted by co-operators in London, Newcastle-on-Tyne, and Gloucester. Later, when Scottish co-operators began to plan the establishment of the Scottish Wholesale Society, they also set up a conference association as a necessary preliminary.

William Pare's Propaganda.

The idea of a wider union might have been forgotten and the Movement might have continued, for a time, as an aggregate of regional groupings only loosely associated, but for William Pare and other co-operators, such as E. T. Craig and Lloyd Jones, who had been active co-operators for nearly 40 years. These veterans could recall the first series of Co-operative Congresses, and they realised more clearly than many of the newer school of co-operators what was the value of congresses, and how great was the importance of directing the Movement's advance from a national headquarters. In 1865 Pare began an agitation, which he continued with little intermission until its successful conclusion in 1869, in favour of the revival of co-operative congresses and the establishment of a central board, and a staff of missionaries after the Owenite model. In July, 1865 he sent to Henry Pitman, who published it in *The Co-operator*, the first of many letters on the subject. In all of them the same ideas are expressed, and the following quotation from the first will, therefore, show exactly what they were :—

> " It seems that one of the great wants at present is a thorough organisation of all the societies in Great Britain and Ireland for a common purpose. A 'Co-operative Congress,' as of old, should assemble annually to give and receive information on practical subjects. This should consist of the most experienced and intelligent from the several societies as delegates. The communication of facts as to the past and present, and the interchange of ideas and suggestions for improvements for the future would be the prominent feature of these assemblies. The Congress might have under its supervision the wholesale agency. It would inaugurate a missionary staff and other means of propaganda, and would, I trust, not neglect the great subject

> "The Congress, too, should elect a central executive board or council, with a paid secretary, one of whose duties would be to superintend the missionaries, and answer all inquiries as to the formation of new societies."

Pitman, who, as editor of *The Co-operator*, was himself inundated with correspondence from inquirers, continued to give the idea all possible publicity. Pare continued to write letters, which, whether they were nominally concerned with currency reform or co-operative education, always contained some reference to the need of a Congress and a central board. When he left Ireland and came to live near London at Datchet, he redoubled his efforts, joining forces with Edward Owen Greening, who had lately come to London from Manchester to found the Agricultural and Horticultural Association, the Christian Socialist leaders, who were still actively interested in Co-operation, and other workers for co-operative production. In the late summer of 1868 preliminary meetings were held in the office of the Agricultural and Horticultural Association, E. V. Neale presiding, and in the autumn invitations were issued for a Congress and exhibition of co-operative productions to be held in the following February. The response was discouraging, but Pare, undismayed, convoked another conference in March, 1869. The conference elected an arrangement committee, which immediately secured the support of the Lancashire and Yorkshire stores through their conference executive committee. The way was now clear. The date of the Congress was fixed, the Theatre of the Society of Arts engaged for the meetings, and another hall for the exhibition. Societies were invited to send delegates or subscriptions to defray the expenses. A guarantee fund was formed and a large committee of supporters enrolled, representing all schools of co-operators, and including many distinguished sympathisers. This was a piece of co-operative work for which the surviving Owenite leaders, Pare, Alexander Campbell, Lloyd Jones, and E. T. Craig, could unite with Neale, Ludlow, Hughes, and other Christian Socialists, and Abraham Greenwood (president of the North of England Wholesale Society), with E. O. Greening, the advocate of industrial co-partnership. Robert Applegarth and William Allan attended the Congress as representatives of their respective trade unions, which were placed on the same footing as co-operative societies. In addition to notable continental co-operative pioneers like Pastor Sonne (Denmark), Professors Huber and Pfeiffer (Germany), Vigano (Italy), Hubert Valleroux (France), the committee of supporters included J. S. Mill and W. S. Jevons the celebrated economists, Louis Blanc, the leader of French socialism, and John Ruskin.

London Congress of 1869.

The Congress opened on May 31st and lasted four days. There were just over 60 delegates, and about half as many other interested visitors. Thomas Hughes, then M.P., presided on the first day, and was succeeded on the three following days by H. J. Mundella, M.P.

Walter Morrison, M.P., and the Hon. Auberon Herbert. The discussions, which were introduced by specially-prepared papers covered a great variety of topics ranging from co-operative agriculture and banking to the amendment of the law regulating co-operative societies, and the reasons for the business failure of co-operative societies. Two papers on the fourth day dealt with the practical outcome of the Congress. The first, read by William Pare, was entitled "Co-operative Propaganda and Organisation," and its purpose was to ensure "that the Congress should not end in desultory talk, but . . . give birth to a permanent and constantly acting body." The work of this body, which Pare suggested might be called the British and Foreign Co-operative League, are here given in Pare's own words :—

> "It would frame and disseminate a set of model rules for societies . . .
>
> It would acquire—and, by its tracts or lecturers, disseminate—a knowledge of the best methods of commencing and conducting stores and producing establishments, together with the best methods of keeping and auditing accounts . . .
>
> It would advise and counsel in cases of difficulty and risk; and might, as a board, or by some one or more of its members, arbitrate differences and disputes.
>
> It would seek to bring about amalgamation of societies where desirable, or federations for common purposes . . .
>
> It would, of course, convene and arrange the business of an Annual Congress; which, perhaps, would create greater interest, and be of greater use, by being held in different places year after year. To this Congress it would make a yearly report; and might receive from it suggestions or instructions for its future guidance."

The second paper, read by G. J. Holyoake, proposed the appointment of a London Co-operative Board to be composed of "a few members of co-operative repute" to act as "a sort of executive congress, permanently meeting." The leading part in the subsequent discussion was taken by J. M. Ludlow who said that he wished "to see the country organised, district by district, or county by county, into unions, like the union of Mechanics' Institutes, meeting yearly by their delegates; and out of which, at such meetings, a central body should be elected which would command confidence. They should also have a consultative committee in London for legal and legislative action and general counsel." Ludlow's view was supported by Abraham Greenwood, who suggested that a London committee acting in conjunction with the northern conference committee would be the best arrangement. The Congress unanimously passed a resolution to this effect, and there and then elected sixteen members of the committee which had

Central Board.

The Lancashire and Yorkshire conference which met at Bury, at Easter, 1870, decided to merge itself in the Congress. At Whitsuntide the second Congress assembled at Manchester, and elected the Central Board (as it thenceforth was called) in two divisions, that is, the London Board and a Provincial Board consisting of the Lancashire and Yorkshire conference executive and two Scottish representatives, J. T. McInnes and James Borrowman. William Pare told Congress that the work required a permanent secretary and a law clerk, but the delegates resolved to give the Central Board authority to appoint whatsoever paid officers it deemed necessary, and to appeal to co-operative societies to contribute not less than one penny per member to the expenses for the year. The sum raised in the first year was about £230, subscribed by 174 societies out of the 750 to which the appeal was sent. No appointment could, therefore, be made, but William Nuttall of Oldham, head accountant of the North of England Wholesale Society and a member of the Provincial Board, accepted the secretaryship as a part-time post, and signed the next report to Congress along with William Pare. In the succeeding twelve months 198 societies subscribed £396, a sum still insufficient. The Congress of 1872, however, authorised the co-optation by the Central Board of two representatives from the Newcastle district, and during the year a Midland group of Provincial Board members was also constituted. The Newcastle Congress of 1873 was, therefore, prepared to agree to the scheme of reorganisation laid before it by Vansittart Neale. The Central Board was to consist of 42 members, divided into five sectional boards. Four sectional boards known respectively as Scottish, Northern, North-Western, and Midland replaced the Provincial Board, while the London Board was henceforward to supervise the south of England from the Naze to Land's End, and to be called the Southern Sectional Board. Each board was to work independently in its own area, but in order to secure co-ordination and the proper control of the central office a committee of the Central Board, composed of two representatives of each sectional board, except the North-Western which had three, was to meet quarterly. This committee was called the United Board, and it was given power to control the salaried officers, to supervise the sectional boards, organise inquiries, and issue reports and other publications. The United Board thus became the effective governing body, subject only to the resolutions of Congress. This system has remained the basis of the constitution of the Co-operative Union until the present day. In September, 1873, William Nuttall resigned. The United Board appointed E. V. Neale to the secretaryship, and an office was rented at City Buildings, Corporation Street, Manchester.

The "Co-operative News."

In the same building was the editorial office of the *Co-operative News*, which had first appeared on September 2nd, 1871. The project of a newspaper, discussed by more than one Lancashire and Yorkshir

conference, was the subject of a paper by Lloyd Jones at the Manchester Congress of 1870. Acting on the instructions of Congress, the Central Board appealed both to individual co-operators and to societies for capital. About £400 was promised within twelve months, and a meeting of prospective shareholders decided in June, 1870, to form a society, and to publish as soon as possible. Thus was formed the co-operative newspaper society, known at first, like its neighbour the wholesale society as a "North of England" society. For many years the *Co-operative News* was printed at the works of the Co-operative Printing Society, while William Nuttall, with other officers of the Printing Society, shared the duty of editing it, and Dr. John Watts wrote the leading articles. The first two editors were not long in office, but in 1875 Samuel Bamford succeeded J. C. Farn in the post. During the 23 years of his editorship the newspaper society became prosperous and the paper grew into a truly national co-operative organ. Bamford must be given a place beside Vansittart Neale and J. T. W. Mitchell as one of the great co-operative builders of the last quarter of the nineteenth century. Had not his work been so well done much that they attempted would not have been possible. A co-operative newspaper was indispensable when the Central Board had been established, if only because unity of organisation was of little avail without unity of mind, based upon mutual knowledge and a sense of common interest. Congress at best was but an annual event; conferences, though more frequent, were only sectional; delegate meetings bring together only the chosen few. But through the *Co-operative News* co-operators throughout the kingdom, whether office-bearers or not, have been able to follow one another's doings week by week, to exchange views and solve knotty questions without leaving their own places, and so to attain that sense of unity without which the Movement must inevitably dissolve.

PART III.

CHAPTER XII.

SOCIAL CONDITIONS, 1870-1900.

During the last thirty years of the nineteenth century the workaday life of Britain presented remarkable contrasts of prosperity and adversity. The national wealth was increasing; new marvels of mechanical invention appeared every year; industry and commerce continued to expand; and the towns grew rapidly. On the other hand agriculture declined: village life stagnated; and many villagers either sought work in the towns or emigrated to Australasia and America. The expansion of industry, moreover, was not regular, but subject to set-backs. The year 1874 marked the beginning of a fall in prices that lasted until 1897. The primary cause was a shortage of gold due to the adoption by the new German Empire and other continental states of a gold standard coinage; but the import of cheap foodstuffs from the New World and the reduction in the cost of manufactured articles by large-scale production also contributed to it. The money wages of the other workers would thus purchase more, but the falling price level made it harder for their employers to make profits and keep them at work full time.

Foreign competition had also entered the field. Continental industry was being revolutionised. Great Britain was no longer the world's workshop, but only one of many. British exports ceased to advance by leaps and bounds. Between 1872 and 1879 they even shrank by one quarter of their value, and in the latter year one trade-unionist in every nine was out of work. Trade recovered after 1880, but every eight or ten years there came a relapse and a period of depression during which working people had many a bitter struggle to maintain their standard of living. In these struggles the form and spirit of working-class movements underwent a change. Trade Unionism entered a new phase; Socialist organisations began to take an active part in political controversy; and the nucleus of a new political party, the Labour Party, was formed.

Political Democracy and Social Legislation.

In many departments of social life progress continued along lines marked out in the middle of the century. Political democracy was extended by the Act of 1884 which enfranchised the rural labourer and by the Local Government Acts of 1888 and 1894 which raised towns of over 50,000 inhabitants to the status of county boroughs, and set up county, district, and parish councils to perform the administrative work previously done by Justices of the Peace, the vestry, and a number of special boards. These new councils were all elected by the

ratepayers, and women were not disqualified from voting. The need for improved education grew more and more apparent to statesmen, one of whom expressed it in the dictum : " We must educate our masters." Primary education, made compulsory in 1880, became free in 1891 by the abolition of school fees. Respect for the wage-earner's vote ensured that governments paid constant attention to the improvement of conditions of labour. The Factory and Workshop Act of 1878, based upon the report of the Royal Commission of 1876, raised the minimum age of half-timers to ten years, and subjected the small workshops to the same regulations as the large factories. The year 1880 saw the passage of the Employers' Liability Act, the first step towards securing for workmen, injured in the course of their employment, compensation from their employers, by limiting the employer's right to defend himself on the plea that a fellow worker's or the worker's own negligence had contributed to any accident. The Workmen's Compensation Act of 1897 ruled out the plea of negligence altogether.

The great Public Health Act of 1875, which contained a code of sanitary regulations, initiated a great advance in social hygiene. The national government insisted with ever greater vigour that local authorities should attain steadily rising standards of sewering, scavenging, housing, and purity of water supply. Medical officers of health multiplied and grew in importance. The duties imposed upon them as Sanitary and Highway Authorities caused the Borough and County Councils to embark on business undertakings of various kinds. Thus they became employers of many types of labour; constructed their own roads and buildings, and water, sewerage, and tramway systems, and often found that they gained by so doing. They became regular suppliers of gas and its by-products, as well as electric power, and recouped themselves by charging prices instead of levying rates. Municipal trading in this sense became commonplace before the century ended.

Education for Citizenship.

Along with all these developments proceeded a revolution in ideas. Early Victorian individualism grew old-fashioned with the crinoline and poke bonnet. The influence upon the general public of John Ruskin, and his teaching that co-operation was the law of life and competition the law of death, rose to its zenith. Men of letters from George Meredith to Oscar Wilde poured scorn and derision upon the prevalent idea of estimating progress in terms of trade and civilisation in terms of bodily comfort. In the universities the minds of the youth of the governing classes were aroused by the ideas and personal qualities of great teachers. At Cambridge, Alfred Marshall taught the more humane economics of John Stuart Mill. At Oxford, Thomas Hill Green, a moral and political philosopher, who revealed a deeper morality than utilitarianism, and Arnold Toynbee, the historian of " The Industrial Revolution," inspired their pupils with lofty ideals of citizenship, so that as young men, they threw themselves into educational and social movements intended to raise the working classes

from mere industrial hands to worthy citizens of a great State, and, later, as responsible statesmen and administrators, they legislated for working people with greater humanity and sympathy, or as teachers infused the same spirit into other schools and universities. Toynbee Hall, the first university settlement, a recreational and educational centre in which the poor and the privileged, the student and the artisan, could come together in one fellowship, was established as a memorial to Toynbee in 1884.

Simultaneously, university teaching was brought within the reach of ordinary people through the University Extension Movement, inaugurated in 1872 by James Stuart, a Cambridge professor. This movement achieved its object chiefly in two ways: first by sending university lecturers to provincial centres where they delivered courses of lectures to classes of adults on various subjects within the scope of a liberal education; and secondly, by bringing the members of these classes and other students to the universities to attend courses during the summer vacation. University Extension Courses were at that time the sole means by which working men could obtain sound instruction in history, economics, and other social sciences, and through these courses the universities helped to provide more than one co-operative society with both students and teachers when they first began systematic educational work. Means to self-education in the shape of books were becoming more accessible and cheap. The boroughs had been given powers to erect and maintain public libraries, and also, of course, museums and art galleries, while compulsory schooling so enlarged the reading public that publishers began to find it worth their while to print low-priced editions of many of the world's best books.

Revival of Socialism.

An increasing number of the better educated and more thoughtful of working men tended to declare themselves Socialists. In the 'eighties there was a notable revival of Socialism, partly because the lean years of trade depression created discontent and provoked criticism of the defects and shortcomings of capitalistic industry, partly because the public was awakened by the uprising of the unskilled labourer to the real magnitude of the problem of poverty, and partly because the Socialists were led by able and tireless propagandists. The sources of Socialist inspiration were as varied as the different Socialist doctrines. For artists like William Morris and Walter Crane, Socialism was a revolt against the drabness of modern industry, the multiplication by machinery of ugly fabrics, vessels, and furniture, and the oppressive organisation of the factory, which substituted a horde of wage-slaves for a brotherhood of craftsmen. In "News from Nowhere," Morris sketched his social utopia, and in "A Dream of John Ball," he idealised the mediæval "Peasants' Revolt." From 1881 to 1884 Morris was a leader of the Social Democratic Federation, and edited its organ *Justice*. Very similar in sentiment was the Socialist propaganda of the group of journalists who began to publish *The Clarion* in 1889. Their leader

Robert Blatchford, in his books, "Merrie England" and "Britain for the British," gave a vivid statement of the Socialist case which the plain man would and did read because it was pithy and straightforward.

In 1884 the Social Democratic Federation deserted the "artistic" Socialism of Morris for the scientific Socialism of Karl Marx. Marx's great work, "Das Kapital," published in Germany in 1867 but not translated into English until 1883, was based upon the economic ideas of Ricardo and William Thompson, but he added to them a belief that history was a series of struggles between classes, that the form of the economic organisation shaped the rest of social life, and that capitalism was creating conditions which would ensure its own collapse. His disciples inferred that they should seek to unite the working classes with the object of conquering political power, by revolution if necessary, so that they might at an opportune moment inaugurate a new social order under which the instruments of production should be collectively owned and labour receive the full reward of its exertions. The followers of Marx in England, led for many years by H. M. Hyndman, have always been more fervent than influential, and the intellectual leadership of English Socialism before long passed to the Fabian Society.

Fabians and Their Influence.

The Fabian Society was founded in 1884 by a group of men and women who believed that the aims of Socialism could be achieved without violence and should be pursued without haste. They rejected the labour theory of value, and made fun of the idea of preparing for a revolution in a country with a popular franchise. The Socialist State or Co-operative Commonwealth would be established not by sudden violence but by gradual growth. The transition to Socialism had already begun. All that was necessary was to extend the field of business enterprise of the State and the municipality. If Government could undertake postal services it could equally well manage railways and shipping. If the municipality could supply water it could equally well supply bread and milk and fuel. Socialism to the Fabians meant the transference to the control of popularly elected bodies of all those services hitherto carried on by private enterprise, the capital necessary to float Government undertakings and to buy out vested interests being raised by the taxation of unearned incomes. Moreover, the Fabians were not disposed to cavil about terms. Any Government that pursued their policy would serve their purpose, whether it called itself Liberal, Conservative, or Socialist. Their object was so to permeate the public mind with their ideas that the nation would accept them for practical reasons and not concern itself whether they were socialistic or not. Their greatest pamphleteer and popular exponent was George Bernard Shaw, whose work has largely been the destructive criticism of capitalistic enterprise, *laissez-faire*, and rival theories of social reform. The constructive work of the Fabians has been organised chiefly by Sidney and Beatrice Webb. These two people, man and wife

first laid a foundation of positive knowledge. They studied the soci question in all its aspects by personal experience of the life of the poo and the work of local governing bodies. They wrote histories o trade-unionism and local government that are to-day indispensabl to the student. In 1892 Mrs. Webb (then Miss Potter) published study of the Co-operative Movement entitled "The Co-operativ Movement of To-day." This book, which wholeheartedly supporte federal against co-partnership production, had an immense influenc upon the younger generation of co-operators. The co-operativ store was the Fabian socialist commonwealth in little. Conversely the extension of the principles of the store movement would lead as J. T. W. Mitchell admitted before the Royal Commission on Labou in 1892, to the kind of co-operative commonwealth that the Fabian had in view. Later, the Fabians were able to exercise great influenc on the course of legislation. They could not be dismissed as utopiar dreamers, nor yet as slaves to a doctrine. More often than not they proved that they knew the hard facts of a given social problem bette than their opponents, whom they not seldom convicted of gross ignorance. They won from the British public a respect for socialists as practical administrators that no amount of logic or fervour could have secured, and thus made the way clear for the rise of a Labour Party.

Problem of Poverty.

The Fabians inter-penetrated many other groups which in the 'eighties began to investigate poverty and the social problems that spring from it. "Slumming" became a fashionable hobby. Christian Socialism of a somewhat different type from Maurice's revived in the Church, and the result was a more intense study by the clergy of the bodily as well as the spiritual welfare of the populations of poor parishes. In 1891, William Booth, founder of the Salvation Army, began to set people talking of the "submerged tenth" of the population that lived on the verge of starvation, stunted physically and mentally, unable to share in the rise in the standard of comfort enjoyed by other social classes. The inquiries of the author of "Life and Labour," Charles Booth, had shown, however, that in London the number living in ever-present peril of destitution was much nearer one-third than one-tenth of the inhabitants. Casual labour was their bane. Three out of every four dock labourers, for example, had no regular work, but competed at the dock gates for whatever employment was offered each day by the ships loading or unloading. They had no trade union and in bad seasons had to be relieved by Mansion House Funds. From 1886, attempts were made by Ben Tillett, John Burns, and Tom Mann to organise the labourers by methods that the older trade-unionists considered unorthodox. Here it was necessary to organise a strike first, and a union after, tactics which proved successful in 1889 when public opinion supported the men against the employers. The formation of the dockers' and the general labourers' unions began a new era in

trade-union history. In the Trade Union Congress the new unions shook the old ones out of their slumber, by reminding them that they existed to help their fellow-workers to obtain decent standards of employment as well as to protect their own craft monopoly. The new unions, moreover, were political in outlook. Their motions in favour of land nationalisation, a national minimum wage, and the direct representation of the workers in Parliament, challenged the cardinal doctrines of the older unions, whose outlook was still individualistic.

Origin of the Labour Party.

Simultaneously, discontent with the system by which since 1874 trade-unionists had been elected to Parliament as members of the Liberal Party was finding an outlet. Following the formation in 1886 of a Labour Electoral Committee, Keir Hardie, John Burns, and J. H. Wilson were returned as Independent Labour representatives at the General Election of 1892. Next year the Independent Labour Party was formed. Fabian Socialist in its inspiration, this body omitted the word Socialist from its title in order that it might not frighten away the older trade-unionist whose support it needed, but soon displaced the Social Democratic Federation from the leadership of the Socialist Movement. The I.L.P. fought parliamentary and municipal elections without any notable success throughout the 'nineties. With the death of Gladstone in 1898 the strongest link attaching the trade unions to the Liberals was broken: Meanwhile the I.L.P. was converting active trade-unionists to Socialism, and opinion slowly veered round in favour of independent political action. By 1899 the Trade Union Congress was won over. Early in 1900, the various Socialist bodies joined with the trade unions to set up the Labour Representation Committee for the purpose of establishing in the House of Commons an Independent Labour Group with its own Whips.

Reactions on the Co-operative Movement.

Throughout this period the Co-operative Movement was preoccupied with its own growth and the adjustment of the different parts of its organisation. Nevertheless, it was affected in many ways by the social movements sketched in this chapter. The educational movements which aimed at making the typical British citizen fit for democracy would have in any event produced certain, though slow, effects upon it, but both Stuart and Toynbee addressed co-operative congresses and so became the guides and prophets of co-operative education for a whole generation. Co-operative education, aiming at making wise citizens as well as zealous co-operators and linked with university extension, began to provide the Movement with leaders who not merely knew their Movement, but, helped by their wider studies, could read the economic and political signs of the times. Again, the mind and outlook

of its place and value in national life. In the industrial north co-operative societies with a membership now in its second and third generations had become established social institutions. To be a leading co-operator was to be no longer a rebel or a revolutionary, but a pillar of society. Through the store's boardroom ran one route to the council chamber and the magisterial bench. Eminent dignitaries of Church and State no longer shrank from association with the Movement. Mr. Gladstone publicly praised it; Lord Rosebery and less celebrated peers delivered congress addresses; the bishops repeatedly gave Co-operation their blessing. Towards the close of the century the pervasive influence of Socialism, or as it began to be called, Collectivism, produced reactions in the Co-operative Movement no less than in civic life generally. "We are all socialists now," said Sir William Harcourt. The Co-operative Movement could not but yield to this influence very readily, if only because in many places the active Socialists were also the active trade-unionists and the active Co-operators. Congress tended more and more to express collectivistic opinions on national policy and to prefer the oratory of labour leaders to that of its former noble and intellectual patrons, while leading co-operators looked increasingly to the Fabian Society for inspiration and ideas.

CHAPTER XIII.

RETAIL AND WHOLESALE SOCIETIES, 1870-1900.

By 1870, the foundation stones of the Modern Co-operative Movement had been laid. The Rochdale principles had been tried for a quarter of a century and societies which had abided loyally by them had been in practically all cases successful; and a number of societies formed before 1844 which had been working on other lines had transformed themselves into the Rochdale type. Membership, capital, and trade of retail societies had increased surely if slowly. New societies had been established, and although there were desert areas in the country, particularly in the South and West, an increasing proportion of the population was counted in the membership of retail societies. The Co-operative Wholesale Societies were established and offered essential facilities to retail societies. A national co-operative press was in course of creation (publication of the *Co-operative News* commenced on September 2nd, 1871); and the Press helped to develop the national unity the growth of which was one of the outstanding features of the 30 years under review. And these achievements were rounded off by the organisation of an annual national congress—the first in 1869—which established the machinery of national unity and created the nucleus of a central organisation which eventually developed into the Co-operative Union.

RETAIL SOCIETIES.

The growth of retail societies was steady rather than spectacular. Many of their members still remembered the "hungry forties" and had little inclination for spectacular adventures with their hard-earned savings invested in their co-operative society. But these members were extremely loyal; and when their low earnings and the irregularity of their employment, along with the restricted number of trading departments open to them, are considered, the average purchases per member during this period compare very favourably with the average purchases per member in the twentieth century.

Societies were, of course, much smaller than they are to-day. The largest society in 1870 had a membership of only 6,465, and there were only a few societies with a membership approaching this number. Whilst the smallness of the scale of operations had its disadvantages, it also had its advantages. The members had a closer personal contact than is possible in the larger societies of to-day; and the feeling of "our society" was stronger than it now is. The individual member, consequently, had a deeper interest in his society and a stronger feeling of responsibility. Attendances at meetings were relatively better than they are to-day and the contact of the member with his society was closer and his knowledge of its operations was more intimate.

To many members, the premises of the society, particularly if it had a reading room or library, was a second home; and many of the older co-operators of to-day have vivid recollections of the days when a journey to the society's reading room would be rewarded by meeting at least some of the faithful pioneers and members of the society. But these conditions were changed, even in 1900. The two, three, or four societies in a town had usually amalgamated by this date. The extension of town boundaries and the improvements of transport had led to the absorption of societies in suburbs that in 1870 were separate villages with their own local life and separate community of interests. But despite the amalgamations the number of societies in the country continued to increase, for new societies were being established everywhere as the success of existing societies became known. News travels; and certain classes of workmen, such as railway workers, moving about from one part of the country to another, carried the good news of Co-operation to districts which had previously not known of it. So by 1900 co-operative societies and co-operative shops were much more thickly spread over the land than they were in 1870.

Membership.

It would be extremely illuminating to quote the number of members of retail societies in 1870 and 1900, but statistics sufficiently reliable to merit quotation are not available for 1870. At this time, Government's ability to collect social statistics was not as great or as effectively applied at it now is; and secretaries of societies were usually spare-time officials who were less well educated and less acquainted with the completion of Government returns than their successors of the present day. Whilst Government statistics were incomplete, the statistics compiled by the Central Board, though often supplementing those of the Government, were likewise incomplete; and the Board's difficulty was increased by the existence of societies of which they were unaware, and the slowness with which many of the societies could be persuaded to join the central organisation and comply with its requests for information. Take, therefore, the year 1881* for purposes of comparison with 1900, remembering that even the figures for 1881 are only approximately correct. At the end of this year, according to the records of the Co-operative Union, there were 971 retail societies, and they had a membership of 547,212. By 1890, the societies had increased to 1,240, and membership to 961,616—a very satisfactory growth when measured in percentages. At the end of 1900, further growth was recorded, there now being 1,439 societies and 1,707,011 members. That individual societies were growing larger is shown by the increase in the average number of members per society from 564 in 1881 to

*Mr. H. R. Bailey in a "Bird's Eye View of Co-operation," given in the Congress *Report for* 1901, gives the following estimated figures for 1869. They appear to include co-operative societies of all types, though retail societies would be the most numerous and important:—

1,300 societies, with a membership of 200,000; share capital of £2,000,000;

1,186 in 1900 (it was 5,773 in 1932). But in 1900 there were still poor co-operative areas, the following counties in England having a co-operative membership representing less than 1 per cent of the population: Cornwall, Dorset, Herefordshire, London, Middlesex, Rutland, Surrey, and Sussex.

Share Capital.

Share capital increased during the period, partly as a result of the increase of membership, partly as a result of the improved incomes of the working classes during the period, a period which was also, except for a few years at the beginning and end, one of falling prices, and partly as a result of the greater confidence in co-operative societies for investment purposes. Figures of share capital for early years, like the membership figures, are not too reliable, but the £5,380,246 recorded for 1881 had increased to £20,566,287 at the end of 1900. The existence of capital funds beyond their internal needs and their ability to find profitable investments for it, led many societies to impose rules and regulations to restrict accumulation. Sometimes this took the form of a maximum investment per member below the £200 permitted by law; sometimes the rate of interest paid on amounts of capital beyond a low figure was at a lower rate; sometimes no interest at all was paid on amounts beyond a fixed figure; and sometimes the rate of interest was at a lower rate if a member's purchases were low. The surplus capital was partly the result of the continuous fall in prices from 1873 to 1897 which gave every £ a higher purchasing power and, therefore, released capital from employment in trade, and partly to the increase in the average capital holding per member. (The average rose from £9.83 in 1881 to £12.05 in 1900). Except during the war years and the early post-war period, the Movement as a whole has never since 1870 been unable to develop any activity it wished to undertake through lack of capital.

Trade.

Trade naturally increased as membership grew. It was £15,411,185 in 1881 and £50,053,567 in 1900. What is remarkable about the trade is that the average sales per member were consistent throughout the period, only falling below £27 per member in five of the years, and never reaching £30. The £29.32 average of 1900 naturally represented a higher average in quantity of goods sold than the £28.16 in 1881 when prices were at a higher level than in 1900. There was a steady improvement in the shops, equipment and service during the thirty years 1870 to 1900; but the rate of improvement was slow compared with that of the next thirty years. Some changes such as canvassing for orders and the delivery of goods had commenced; but their great development came in the twentieth century. As the societies grew bigger they naturally added new departments; but the grocery department was still the predominant department in 1900. It was assisted in the maintenance of its position by social changes such as the abandonment of home

baking, particularly in the North of England, a change of which co-operative societies took immediate advantage by building and equipping modern bakeries.

Production and Employment.

If statistics of membership for the early years of our period are incomplete and unreliable, the statistics of production and employment are even less reliable. Our review must, therefore, be in general terms.

As societies grew bigger, opportunities for initiating productive departments increased and the growth of distributive trade extended those opportunities. There was, consequently, a considerable increase in productive activities under the auspices of retail co-operative societies, and their productions were supplemented by those of the two wholesale societies when they entered the field of production as related later in the chapter. Subsequently, the retail societies found some of their productive departments shrinking as centralised factory production replaced local dressmakers and tailors; but this change was not effective even in 1900, when the value of productions emanating from retail societies amounted to £4,293,000, an amount that was almost double the value of productions in 1895.

With the growth of distributive and productive activities in existing societies and an increase in the number of societies, the number of employees naturally increased; and this increase was strengthened by the more general adoption of the weekly half-holiday for shop assistants and the curtailment of working hours. Nevertheless, even in 1900, the working week was very long and wages very poor compared with modern standards, the average annual wage per employee—men, women, boys, and girls—in 1900 being little over £50. The number of employees in the same year was 56,606, of whom 15,776 were engaged in productive productions.

THE CO-OPERATIVE WHOLESALE SOCIETY LIMITED.

When the society was established it was registered as the North of England Co-operative Wholesale Industrial and Provident Society Limited—a long and cumbersome title which was shortened by the deletion of the words Industrial and Provident in 1867 and the words North of England in 1872, since which date the society has been known by its present title.

The C.W.S. was still in its infancy in 1870; but by 1900 it had attained a commanding position. To this change many causes contributed. The first and most important was the growth of retail trade which created the opportunity. The next in importance were the wise management of the society, the entry into the field of production in 1873, and the opening of selling branches and depots in London (1874); Newcastle (1872), and other centres, and of collecting and purchasing depots at Tipperary (1866), Kilmallock (1868), Limerick (1869), Armagh and Waterford (1873), Tralee (1874), Liverpool (1875), New York

(1876), Cork (1877), Rouen (1879), Copenhagen (1881), and at other centres at home and abroad in later years. The following table records the progress in statistical form :—

End of	No. of Members of Societies in Membership	Share Capital	Trade
		£	£
1870	89,880	19,015	677,734
1900	1,249,091	883,791	16,043,889

J. T. W. Mitchell.

In 1872, the first steps were taken that led to the establishment of the Banking Department when the amendment of the Industrial and Provident Societies Act in 1876 made such a step possible. In 1870, Abraham Greenwood, who must be considered the father of the Wholesale Society, resigned the chairmanship to become the society's cashier and became the manager of the Bank when the deposit and loan department (commenced 1872) was transformed into the banking department. He was succeeded as chairman by James Crabtree and he, in turn, by J. T. W. Mitchell (born 1828) in May, 1874. Mitchell occupied the chair until his death in 1895. If any one person can be described as the architect and builder of the Wholesale Society, Mitchell can be so described. Uneducated in the usually accepted sense of the word, with a hard upbringing, Mitchell was one of Nature's gentlemen who by his faithfulness to principle and devotion to the duties entrusted to him, earned the respect of co-operators and all who knew him. His devotion to the Co-operative Movement—and he served it in many capacities from the time when he joined the Rochdale Pioneers Society in 1853 and its committee in 1855—has never been surpassed by that of any other leader. There was a time when to speak of the Wholesale Society was to think of Mitchell ; and to speak of Mitchell was to think of the Wholesale Society. The story has been told of an American economist who remarked to Mitchell that he was amazed that the chairman of such a large organisation should be willing to serve it for the comparatively small salary that Mitchell was then receiving. Mitchell replied : "I enjoy the respect of my fellow-men ; and that suffices me." It was in this spirit that Mitchell served the Wholesale Society and the Movement.

Consumer and Producer.

Mitchell was perhaps the first to recognise clearly what is now known as the Consumers' Theory of Co-operation ; and as Chairman of the Wholesale Society he had many opportunities of advocating and defending the consumers' interest in the Co-operative Movement and in industry and commerce generally. In no matter was Mitchell's sturdiness of character and stout defence of the consumers' right to

produce goods for their own consumption and use more clearly exhibited than in the controversy about the Wholesale Society entering the sphere of production. As already noticed in an earlier chapter, trading, only, was visualised as the function of the Wholesale Society when it was established; but production had been commenced in 1873. In 1887 the society commenced the grinding of pepper at a time when some retail societies were prosecuted for selling adulterated pepper which had been bought and sold by the Wholesale Society. There was opposition to this extension of the society's productive activities, and much of it came from the supporters of producers' co-operation represented by E. O. Greening and his friends. Linked with the major question in the controversy was the right of workers in the Wholesale Society's factories and other establishments to share in the profits of the department in which they were engaged. Mitchell took the view that any such profits were much more wisely and properly distributed when shared among the " body politic," by which he meant the whole body of consumers, than among a small group. Mitchell's strenuous fight for the consumer gradually wore down the opposition to the expansion of the Wholesale Society's productive operations and to the abandonment of profit sharing and bonus on labour. The society's policy on the latter point had been a vacillating and frequently an inconsistent one. Profit sharing was approved in 1872 and introduced in 1873; but the scheme was not a very satisfactory one and neither the supporters nor the opponents seem to have been entirely pleased with it, and in 1874 a revised scheme was suggested by the directors. Opinion against the principle of bonus had grown strong by this time and a proposal to abolish the payment of bonus was considered along with the director's proposal, and both proposals were defeated. In 1875 the impasse was overcome by the decision of the delegates to abolish the bonus—on the motion of one of its earliest advocates. Nevertheless, a few years later (1882-83) bonus on labour was introduced into some departments but was completely and finally abandoned in 1886.

Another controversy opened about the time of Mitchell's death, but not settled until well in the twentieth century, also has some relationship to the same question of the respective rights of producers and consumers in the sphere of production. The controversy arose over the creameries. Soon after its establishment, the Wholesale Society endeavoured to come into closer contact with the Irish farmer and opened several depots in Ireland. Eventually it became the owner of several creameries which attracted the support of Irish farmers because of the benefits they derived from their trading relations with the Wholesale Society. In 1894 the Irish Agricultural Organisation Society—whose principal leaders were Mr. (later Sir) Horace Plunkett and Mr. R. A. Anderson—came into existence; and a little prior to this time a federation of co-operative creamery societies had been established. Plunkett and his colleagues were opposed, on principle, to the Wholesale's ownership of creameries fed by farmers who had no share in ownership and control. They contended that this form of ownership and control

did not train the farmers to act co-operatively or give them an opportunity of so acting. It was argued that only when the farmers themselves owned the creameries, operated them themselves and carried the responsibility for their success would they get that training in co-operation which every co-operative organisation should seek to foster. The Wholesale Society dealt fairly with the farmers; but the profits on the Wholesale's creameries did not accrue to the Irish farmers who supplied the milk, but to the distant consumers in England. That the farmers were in a stronger position than the Wholesale Society is clear, for by withholding their milk supplies they could bring the creameries to a standstill, and the Irish farmers' creameries had their agency through which their butter could be marketed and the non-co-operative market in which to sell. Both parties to the controversy—keenly though they fought for their respective cases and strong as were some of the descriptions applied to the C.W.S. by some Irish writers—never forgot, however, that Co-operation was a cause that all were trying to serve. This no doubt was largely responsible for the creation of the favourable atmosphere which led to the transfer by the end of 1912 of 34 main creameries and 51 auxiliaries from the C.W.S. to Irish hands.

Centralisation of Control.

The control of the Wholesale Society was centralised and consolidated during the 30 years. The agitation for the establishment of a branch of the Wholesale Society in Newcastle had led to one being opened in that city in 1871, and the committee which had been entrusted by societies with the direction of the agitation continued to act after the branch was established. It was under the control of the official committee of the society sitting at Manchester and its minutes were forwarded regularly to Manchester for approval; but this relationship was not satisfactory; and differences and friction prevailed, until in 1874 the Society's rules were altered. The alterations provided for the government of branches and reserved one seat on the general committee for a representative of each branch. A London Branch committee was appointed at the end of 1874. By the new rules, the general committee consisted of 14 persons—12 directly elected and one appointed by, and from, each branch committee; and each branch committee consisted of seven persons directly elected. In 1883, the number of the general committee was increased to 16 and the branch committees to eight; and in 1890 the number of representatives from each branch committee was increased from one to two. The final change did not come until 1906 when complete central authority was established by the merging of the three committees into one consisting of 32 members—16 members elected for the Manchester District and eight each for the Newcastle and London districts, an arrangement that continued for more than twenty years.

Joint Operations: Tea and Insurance.

The Tea Department of the C.W.S. was commenced in 1882 and

committee of the English and Scottish Wholesale Societies was established to replace a more primitive arrangement dating back to 1890; and this joint committee became responsible for the tea, cocoa, and chocolate trade for both societies. It was constituted as to three-fourths of its members and capital by the C.W.S., and one-fourth by the S.C.W.S., a proportional arrangement that was continued when the joint committee was transformed into a society under the powers conferred by the Industrial and Provident Societies Act of 1913. The joint working between the two wholesale societies thus formally organised was extended when the Co-operative Insurance Company was taken over; and proposals have occasionally been made for the amalgamation of the two societies, but they have never received widespread support.

THE SCOTTISH CO-OPERATIVE WHOLESALE SOCIETY.

The society was registered April 20th, 1868, and commenced business at 15 Madeira Court, Argyle Street, Glasgow, on September 8th, 1868. When the provisional committee submitted the rules for approval to a meeting of delegates interested in the establishment of a wholesale society on August 1st, 1868, certain revisions were made; and a revision of Rule 1 makes it clear that the original registered office was not at Madeira Court, for that revision indicates a transfer to Madeira Court. Where the original registered office was situated we have now no record at hand.

Early Days.

The first quarter ended on December 7th, 1868. The society was, therefore, only in its infancy when our period (1870-1900) began. The confidence and support of societies had to be won; and the leaders of the society had to learn their job; but the progress of the society, was steady, and when difficulties arose, as they did—the society lost over £10,000 (more than its share capital at that time) in the Scottish Co-operative Ironworks Company in 1875—the societies showed their loyalty to the society by increasing their support. The society had one difficulty less to face in its early days than had been encountered by the English Wholesale Society, for the alteration of the Industrial and Provident Societies' legislation by the Act of 1867 permitted the unlimited investment of the funds of one society in the shares of another. At first, the shares were of the value of £25 each (£10 each had been originally proposed) and they were withdrawable shares, though this feature was subsequently altered. The society was also fortunate in that some Scottish societies were already trading with the English Wholesale Society and it was not difficult to arrange a transfer of this trade to the new Scottish Society; and in the earlier years some societies in the North of England—before the Newcastle branch of the C.W.S. was opened—found it more convenient to trade with Glasgow than with Manchester.

When the first quarter ended, the balance sheet revealed a trade of £9,697 for the period. This was contributed by 56 societies, 28 of these societies being shareholders whose trade amounted to £7,900. The balance sheet for the year 1869 showed a trade for the year of £81,094, and the total capital (including shares, deposits, reserves, and insurance funds) of £5,174. These figures were bettered in 1870 when the trade rose to £105,249; the corresponding figure for the capital funds at the end of the year being £18,009. The figures for 1900, on the same basis, were: Trade £5,463,631 and Capital Funds £1,676,765. (Flanagan: "Wholesale Co-operation in Scotland.")

The early '70s were memorable years for the society. There was the usual enthusiasm over the growth of a new institution, and important developments were commenced. Bonus on labour (dealt with later) was introduced in October, 1870; a site was purchased in Paisley Road in 1872; and the building on the site, the beginning of the present fine block of buildings, was opened on September 19th, 1873; Mr. R. Macintosh, who became the accountant of the society and who, for over 50 years, was a servant of the society, joined the staff in April, 1870; in 1873 the drapery trade was transferred from the grocery department to a special drapery department; the society's loss through the failure of the ironworks was made known and met by the societies voluntarily sacrificing one penny of their dividend until the loss was wiped off; and the number of purchasing shareholders rose rapidly (it was 127 in 1873, five years after the commencement of the society). During the '70s, too, depots were opened at Leith in 1877, and at Kilmarnock a few months later; whilst the Dundee Branch was opened in 1881. This year (1881) also saw William Maxwell elected president. He had joined the committee in 1880 as the representative of the St. Cuthbert's Society; and continued as president until he retired in 1908. During his years of office the present Wholesale, as we know it, was created. He was a man of commanding presence and great ability and vision. Seeing farther ahead than most other people he had a better idea of the road that should be travelled to reach his goal, and the systematic development of the society's activities during the period of his presidency was probably due more to him than to any other individual.

Production.

The society, as early as 1878, had commenced the giving out of warp and weft to home weavers for the preparation of cloth for the society; and in 1881 it commenced its productive activities more definitely by undertaking the making of shirts, giving to its workers in this sweated industry wages higher than those paid in other establishments and granting them the 44 hour week which was a tremendous stride forward at the time of its introduction. Other productive establishments were commenced in succeeding years; but the great development on the productive side was the acquisition of the Shieldhall site in 1887 on which, and other land subsequently acquired there,

the society has built as fine a series of factories as is possessed in one centre by any co-operative organisation in the world; and this development was due entirely to the vision and initiative of Maxwell.

Attacks on Co-operative Societies and Co-operators.

In the late '80s and the '90s, the society became involved in the attacks made upon the Movement by its trading opponents and in the boycott of co-operative societies and their members. Manufacturers and tradesmen refused to employ adults and young persons who were directly, or through their families, connected with the Co-operative Movement; wholesale houses and manufacturers were asked by retailers to refuse to supply co-operative societies or to lose the trade of these retailers if they did not comply. Such action only strengthened the Co-operative Movement by advertising it and providing the public with illustrations of the intolerance of the private traders who were attacking it. Here and there it led directly to the establishing of new societies or the opening of branches of existing societies, so that in the end the traders were worsted in the struggle.

The most serious aspect of the struggle came when the master fleshers (butchers) decided in 1896 that "from and after this date no co-operative society will be supplied at this establishment." "This establishment" was the Dead Meat Market in Glasgow. The object of the fleshers was openly declared to be "to close the fleshing department of co-operative societies." At the cattle wharf sales, the same antagonism to Co-operation prevailed. It was announced that "No co-operative societies, or persons selling to or dealing with co-operative societies, directly or indirectly, will be allowed to bid." The two markets belonged to the citizens of Glasgow and the Town Clerk of Glasgow had to intervene and point out that the exclusion of *bona-fide* bidders at the cattle wharf sales would be illegal. This treatment of co-operators led them to enter the area of municipal elections with a view to securing more influence over the policy and decisions of municipal bodies. Their efforts so far succeeded that in 1897 the Glasgow Corporation passed by-laws regulating sales in the public auction rings of the city markets. The fleshers refused to recognise the right of the Corporation to say with whom they should deal; and after legal action in various courts, the House of Lords declared that the action of the Corporation was within its powers; and the boycotters then ceased to hold public auctions and began to sell in private rings. Curtailment of trade and extra expense followed the decision of the anti-co-operators; the price of beef was raised ½d. per lb., and the loss of municipal revenue caused a rise in the rates of 1s. 2d. in the £. The duty of protecting retail societies and their fleshing trade naturally fell upon the Wholesale Society, and it was able, at first at a little loss, to ensure adequate supplies for societies and their trade developed considerably. The action of the anti-co-operators alienated the sympathy of many who were not

co-operators, but now commenced to obtain their meat supplies from co-operative societies, and it also strengthened the loyalty of co-operators. There was a revival of the boycott in the twentieth century.

Trading Developments.

The society was developing all along the line between 1870 and 1900. Not only did it open branches to promote its sales, but it also opened branches or depots for the purpose of handling supplies. Thus it opened its Enniskillen depot in 1884 and had four auxiliary creameries supplying it, whilst its depot at Kilmarnock was a collecting station for Ayrshire produce. Its directors travelled abroad and opened direct connections with foreign suppliers, thus relieving the society of the expense and inconvenience of dealing with intermediate agents. It joined with the English Wholesale Society in the purchase and, later (1902), the growing of tea; tea blending and the sale of the tea of the societies' own blending commencing in 1882. All these activities added to the work of the committee, which became more than could be properly undertaken by a part-time committee. In 1899, therefore, shareholding societies agreed to the committee becoming whole-time servants of the society.

The Society's Retail Trade.

The Scottish Co-operative Wholesale Society differs from the Co-operative Wholesale Society in its organisation of retail trade, though the members of the latter society have recently given the directors power to undertake this trade. The venture in Scotland was due to the advocacy of Mr. James Deans, secretary of the Co-operative Union's Scottish Section. He pointed out that there were many districts where there was no co-operative society or shop, yet there were probably many persons in these districts willing to support a co-operative effort, but there was lacking a person to take the initiative in launching a society, or, may be, those who possessed initiative sufficient dare not take any step to establish a society lest they were discharged by their employers. Mr. Deans, therefore, suggested that the S.C.W.S. should obtain and equip premises, stock them with goods and appoint the necessary staff to carry on the business of the shop. Purchasers should then be invited and enrolled; and when they were sufficient in number and the conditions were otherwise suitable they should be encouraged to take over the business and organise it as an independent co-operative society. In the meantime, through the accumulation of the sums of dividend to which the purchasers would become entitled, a sufficient amount of capital would become available to enable them to do so. In 1908 the first retail branch was established at Elgin and was followed by others, principally in the North of Scotland. Some have become independent societies; and new branches have been established. It is natural that these efforts have been made in remote and sparsely-populated parts of the country, so that the accession of new members and the

volume of trade secured as a result of their establishment could not be very large ; but a valuable service to the cause of Co-operation has been rendered and continues to be rendered by the Wholesale Society in organising these retail branches.

Bonus to Labour : Employee Membership.

Reference has already been made to the introduction in 1870 of bonus to labour. At first, the rate of bonus was twice the rate of dividend paid to societies on their purchases. It was additional to the trade union rate of wages which the society has always paid and met the views of those who thought that co-operative employment should provide better conditions than capitalistic employment, and it also went some way to meet the views of the advocates of 'producers' co-operation, though some co-operators took the view that any surplus belonged to the consumer who provided it in the price he paid. But the bonus basis did not give satisfaction permanently ; and in 1885 the conditions were changed. Distributive employees were now to receive bonus at the same rate as societies' dividend on purchases, whilst the amount paid to productive workers was to depend upon the profits made in the works in which they were employed ; but in 1892 the productive workers were placed on the same basis as the distributive workers. Until 1893, the bonus was paid out in cash ; but in this year it was agreed that whilst one-half of each employee's bonus be paid in cash, the other half should be credited as loan capital in the name of the employee. It was thought, at the time, that good as bonus on labour might be it did not give the employees a sufficiently direct interest in the society, and so, in 1893, a scheme of employee-shareholding was adopted. Every employee could hold 50 shares (£50) in all, and must apply for not less than five of the value of 20s. each. These shares could be paid up in cash or by allowing interest and bonus to accumulate. One delegate could be sent to the meetings of the society for every 150 shareholders or part thereof ; but an employee on leaving was to place his shares on the transfer list since no non-employee could hold shares. The shareholding still continues ; but the bonus to labour was abolished in 1914, though a later meeting decided to give an equivalent of 8d. in the £ on wages to those employees who, at the time of the abolition of the bonus, were receiving it. This equivalent was withdrawn in 1922.

CHAPTER XIV.

CO-OPERATIVE CO-PARTNERSHIP.

Working men in whose bosoms burned the desire to become their own employers were greatly encouraged by two Acts of Parliament, of which one, passed in 1855, gave to companies, and the other, passed in 1862, gave to co-operative societies, the power to issue shares with limited liability. The idea of nationalisation or municipalisation of industry had as yet secured little hold upon the minds of the working classes. The only practical alternative to capitalist enterprise appeared to be co-operative production by self-governing societies of workers. Long after the societies founded and fostered by the Christian Socialists had vanished, co-operative production of this type still attracted ardent trade unionists and other working men who sought emancipation, and year by year fresh experiments were made. Limited liability made the formation of productive societies both easier and safer. It enabled working men to join together in business undertakings in which no man stood to lose more than the value of the shares he held. Capital was thus more readily forthcoming, not from individuals alone, but also from working-class organisations. The successful stores began to accumulate more capital than they needed for their own undertakings. Co-operators who followed the Rochdale Pioneers regarded shop-keeping as a first step towards production. The example of the Rochdale Co-operative Manufacturing Society, founded in 1854, was before them. Hence the stores could often be persuaded to invest money, when the liability was limited, in enterprises which served the double purpose of extending co-operative production and providing more employment for store members. Similar considerations made the trade unions sympathetic, and for many years, until repeated losses and newer ideas brought about a change of policy, a steady trickle of trade union capital flowed into co-operative productive ventures.

Profit-Sharing and Co-partnership.

At first these ventures took on a variety of forms, according to the circumstances of the industry and their founders' idea of what co-operative production really meant. In the then general ignorance of co-operative principles any concern in which working people took shares or shared profits might pass for a co-operative society. Hence many of the earlier experiments, especially those made in the Lancashire cotton industry, were in law joint-stock companies with worker shareholders. Although in the beginning some of these were directed by keen co-operators, animated by some co-operative sentiment, and linked with the Co-operative Movement, they did not truly form part of the Movement, and eventually, often rapidly, reverted to capitalistic

Manchester firm of Greening and Co., which adopted schemes of profit sharing or allowed their employees to invest capital in the firm. These were also considered by many people to be examples of Co-operation. Of greater significance, however, was the new type of organisation which the Industrial and Provident Societies Act of 1862 made possible. The Act, by permitting one registered society to hold shares in another, cleared the way for a kind of society which had a mixed membership of individuals and societies, of shareholders who were employed by it and shareholders who were not. Such a society could be registered under the Act, adopt standard co-operative usages, such as allowing each member one vote and one only, limiting by rule the rate of interest on share capital, and so rank as part of the Co-operative Movement. Thus these attempts at self-employment might take a purely capitalistic or genuinely co-operative form or some intermediate form. The thread which bound them together was the idea that co-operative employment meant that the worker, whether he held shares, participated in profits, or voted for the committee of management, was to be regarded as more than a simple wage earner, and had a right to a larger share in the product of his industry than was represented by the current rate of wages.

Edward Owen Greening.

The Christian Socialists had done more than any other men to propagate this idea, but only Hughes and Neale continued their actual work in the Co-operative Movement into the fourth quarter of the nineteenth century. Their task had to be shouldered by younger men of whom the most notable were Edward Owen Greening and Thomas Blandford. Born at Warrington in 1836, Greening was confronted at the age of 19, as the result of his father's failure in business and emigration to America, with the necessity of forging his own career. Before he was 30 he had built up in Manchester the wire manufacturing business of Greening and Co., in which he introduced a system of sharing profits with the workers. At the same time he took part in the congresses of the Social Science Association, worked strenuously for the emancipation of negroes in the United States, and became interested in Co-operation. He was a fluent writer and persuasive orator whose charm of manner attracted even those whom he did not convince. Removing to London in 1868, he founded the Agricultural and Horticultural Association, and rapidly acquired a national reputation as a propagandist of Co-operation and of "industrial partnerships" between employers and workers. He played a leading part in the formation of the Cobden Memorial Mills at Sabden in Lancashire, the South Buckley Coal, and other concerns in which profit sharing was an accepted principle. When the C.W.S. began to contemplate entry into manufacture Greening joined Hughes and Neale, and others who attempted without success to confine it to wholesale trade. Failing to preserve the field of production for the workers' societies in which they believed, they endeavoured to graft a system

of profit sharing upon the wholesale societies. In this they were partially successful. The Scottish C.W.S. accepted profit sharing and retained the system until 1914. The C.W.S. adopted it in 1874 and after trying a number of plans without finding a satisfactory one, abandoned the system once and for all in 1886. The second defeat caused Hughes to withdraw from the Co-operative Movement for several years, but Greening set himself to rally the friends of workers' co-operative production and advocates of industrial partnership, and at the same time to organise mutual help among the handful of genuine co-operative productive societies then existing. For several years Congress, under the spell of the eloquence of Greening, Holyoake, and their friends, continued to pass resolutions in favour of profit sharing and bonus to labour, but without the least effect upon the policy of the C.W.S. or any other society which chose to follow its example.

Early Co-partnership Ventures.

The year 1882, when the Co-operative Productive Federation was formed, 20 years after the second Industrial and Provident Societies Act, marks a definite stage in the history of workers' co-operative production. A glance backward at previous attempts to achieve the ideal of self-employment shows that the majority of them had been made in the textile, engineering, and coal mining industries, and were located north of the Trent and Mersey. The cotton workers in their limited liability concerns were the early leaders in practical business organisation. The "working class limited" was common probably because the cotton industry had reached a more advanced stage of development than the others, and a successful concern required more capital, keener management and more highly specialised workers. The choice between business success and co-operative principles was almost inevitable. Very few concerns retained their co-operative character and survived. The record of the mining societies is one of unrelieved failure. The majority of them had a mixed membership of individuals and societies, and their failure cost the Co-operative Movement many thousands of pounds, for most of them, notably the Bugle Horn and Eccleshill collieries, were forced to lean upon the C.W.S., which supported them until it could afford to do so no longer. The engineering societies had scarcely any successes and one resounding failure, that of the Ouseburn Engine Works at Newcastle. This productive society, founded in 1869 and wound up in 1876, dragged down with it the Industrial Bank which had been established chiefly to finance it.

The greatest success appears to have been achieved in those industries in which the factory system was still at an early stage and advancing comparatively slowly. For example, the light metal trades of Walsall, Dudley, and the West Midlands were a favourite field for such enterprises of which the chief survivor is the Walsall Locks and Cart Gear Society. The silk workers on the borders of Cheshire and Staffordshire founded the Macclesfield Silk Manufacturing Society and the Leek Silk Twist Society, both of which are still flourishing. The wool workers

successes. But undoubtedly the pride of the productive movement, in its early days, was the society founded by a handful of fustian cutters at Hebden Bridge in 1870. After desperate early struggles the Hebden Bridge Society began to secure both custom and capital from the stores, and under the leadership of its manager, Joseph Greenwood, grew into a flourishing concern. Although from a very early date the participation of a large number of stores made it much more like a federal undertaking than a workers' productive society (the workers might not even serve on the committee of management, although they might attend the general meeting and vote), the Hebden Bridge Society was notable for the co-operative spirit of its workers. J. C. Gray, who succeeded Vansittart Neale, as general secretary of the Co-operative Union, began his co-operative career in its office, and it gave one secretary, Robert Halstead, to the Co-operative Productive Federation. But Hebden Bridge became famous because it was exceptional. Inquiries made in 1880 revealed that only 15 productive societies existed, and these worked in almost complete isolation, with no forum for the discussion of common problems or other means of helping one another. When the Co-operative Productive Federation was at last founded the societies which have chiefly benefited from it were not yet in existence. The Federation was destined to make its permanent home not in Yorkshire but in Leicester, and its constituent societies were for the most part formed in industries which 50 years ago were only beginning to emerge from the domestic stage.

The Co-operative Productive Federation.

The seven members whose signatures were necessary for the registration of the Co-operative Productive Federation under the Industrial and Provident Societies Acts were E. V. Neale, E. O. Greening, Joseph Greenwood, Ellis Armitage, George Newell, John Hartley, and Edwin Waceliter. They were the only individual members it ever had. Its objects rule stated that it existed in order to promote unity of action amongst its members, to secure capital for their use, and to open up markets for the sale of their goods. For several years it had little more than a paper existence. Its committee met at irregular intervals, usually when some important co-operative assembly such as a Congress gave them an opportunity. The name of its first secretary is still in doubt, but J. Lambert of the Airedale Manufacturing Society was one of the first. The Federation first came prominently before the national Co-operative Movement at the Derby Congress of 1884, when it convened a conference on co-operative production. Out of this conference, again under Greening's leadership, and with Vansittart Neale's support, arose a body which for almost twenty years was known as the Labour Association. Its objects were entirely educational and propagandist. It left to the Productive Federation the day-to-day business concerns of the productive societies and directed its energies to popularising, both in the Co-operative Movement and in the wider business world, the idea of co-partnership, that is of the participation of wage-earners in the capital, profits, and administration of the firm

in which they are employed. With these ends in view its headquarters were established in London. Within a few years it had succeeded in securing the adherence of Tom Hughes, J. M. Ludlow, and other survivors of the Christian Socialists, together with many younger recruits, including publicists like Harold Cox and Bolton King, economists such as Dr. James Bonar, and ardent trade unionists like Henry Vivian, who had been present at the Derby conference. A little earlier the Central Board of the Co-operative Union had sanctioned the formation in the Southern Section of a Co-operative Aid Association for the express purpose of encouraging the formation of productive societies within the Section, and assisting them with loan capital. At the same time the board appointed a productive committee for the supervision of co-operative productive efforts of all kinds. The combined efforts of all these bodies, assisted by E. V. Neale, who drafted model rules for co-operative productive societies, effected within ten years a remarkable improvement in the co-operative character and the business position of the co-partnership societies. Lessons learnt from previous failures could be applied to the newly-founded societies which were constantly supervised, and not allowed to struggle in isolation.

Principles of Co-partnership.

The ten years of controversy with the federalists, as the advocates of consumers' co-operative production were called, compelled the advocates of co-partnership more clearly to define their principles and their ideal. Co-partnership came to be defined as a method of business organisation which granted three rights to the wage-earning worker, namely, the right to become a shareholder, the right to a share in profits over and above wages, and the right to take part in management of the firm in which he is employed. Neither profit-sharing nor employee-shareholding by itself is genuine co-partnership. All three rights must be acknowledged. Since co-partnership might be introduced into the business of a private employer or a joint-stock company as well as a co-operative organisation, the work of the Labour Association necessarily had two sides. On the one hand it directed its propaganda at the capitalistic world with the object of transforming capitalism into co-partnership; on the other, it aimed at converting co-operators to the view that their own principles demanded that they should make co-partners of their employees. In course of time its energies became more and more absorbed by the former task, and although, in the firms of William Thomson and Sons of Huddersfield, and J. T. and T. Taylor of Batley, are to be seen examples of private concerns converted into co-partnership societies and even registered under the Industrial and Provident Societies Acts, that aspect of its work cannot be pursued here, for it carried the Association further and further away from the path followed by the Co-operative Movement. In fact, the distinction between private and co-operative co-partnership became constantly deeper and wider. By co-operative co-partnership has come to be understood the system practised by the societies affiliated to the Co-opera-

accepting the three co-partnership principles, were almost always registered under the Industrial and Provident Societies Acts, limited by rule the rate of interest on their shares, allowed individual members only one vote each, paid a dividend out of their surplus to their customers, and in other respects followed the common practice of the Co-operative Movement, of whose organisation they formed a part by affiliating to the Co-operative Union and actively supporting its policy and work. The co-operative co-partnership society is essentially a compromise between the self-governing workshop and the consumers' co-operative undertaking of the ordinary type. It represents an endeavour to avoid the defects and unite the advantages of both. It corrects the instability of the self-governing workshop by introducing a body of shareholders who will support the authority of the management. It taps sources of capital that the self-governing workshop could not reach. Its close connection with the co-operative stores is often an advantage in marketing its products. On the other hand it can develop, no less than the self-governing workshop, the *esprit de corps*, the pride of ownership, the sense of responsibility, the spirit of give and take that contribute enormously to business efficiency and smooth running. The outstanding business advantages of co-operative co-partnership are the reduction of waste in materials and the absence of friction and labour disputes.

In its first ten years the Co-operative Productive Federation with the help of the Labour Association more than trebled the number of co-partnership societies. The appointment of John Potter of Leicester, as full-time secretary, was a sign of growing strength and greater activity. It was also an indication of the increasing importance of the boot, hosiery, and clothing industries of the East Midlands as fields for the development of co-operative co-partnership. The boot and shoe makers of Leicester and Northamptonshire were no strangers to Co-operation; they had been members of co-operative stores from very early times. At the period when the Co-operative Productive Federation became active, their industry was undergoing a revolution, in fact *the* revolution from domestic to factory organisation. Co-operative co-partnership, along with trade unionism, with which it was often closely allied, was the working shoemakers' method of withstanding the capitalist employer. Not a few societies resulted from strikes and lockouts. The Union Society of Kettering is one such. Its principal founder was the secretary of the trade union branch in the town. Glenfield Progress Society was another society formed by workers who preferred working in their own village to going to the big factories in Leicester. And where one or two societies proved successful, others, not necessarily in the same trade, sprang up in imitation of them, even if they were not directly inspired by them. The Leicester Printers Society (1892) was formed primarily to supply the printing requirements of the co-operative societies and trade unions of the city. The Leicester Anchor Boot Society was formed by members of an older society in order to manufacture another type of footwear. Hence also the tendency for societies to cluster in and around Leicester and

Kettering, and along the main line of railway that runs between Bedford and Nottingham. But it was also of the greatest importance that the founders of these societies were sustained in their efforts by the zealous and effective propaganda and organising work carried out by the Labour Association, and in particular by Henry Vivian, for many years its secretary, and Thomas Blandford.

Thomas Blandford.

Blandford was co-partnership's greatest martyr, if Greening was its greatest advocate. Of Irish birth, Blandford possessed extraordinary charm of manner, as well as great and versatile ability, and true nobility of character. He was appointed secretary of the Productive Federation in succession to John Potter in 1894, and the five years which elapsed from then until his death in 1899, constituted the greatest period of development that co-operative co-partnership has known. Not merely did the number of societies increase, but the Federation embarked upon new and important activities. Hitherto the idea of procuring capital to aid the growth of the societies had been little more than a hope: Blandford's reputation enabled it to become a fact. He deserves more credit than anyone for the foundation and organisation of the Federation's loan department. He also did much to enable the societies to expand their markets by the organisation of exhibitions, notably at the Annual Co-operative Festival which used to be held at the Crystal Palace. With the assistance of Henry Vivian, Blandford developed co-partnership propaganda through the press, and in his time the Productive Federation first began to issue a year book. Speaking, writing, planning, organising, travelling, Blandford rapidly wore out a constitution never robust. During his brief term of office he made the Co-operative Federation an organised power in the British Co-operative Movement, and his death was a loss which the Federation has never been able to make good. During Blandford's secretaryship the office of the Federation had been removed to London, and until a successor was appointed Henry Vivian performed the duties of secretary. His attempts to organise the marketing of goods made by the co-partnership societies were not successful. The societies were unwilling to accept his proposals, and their rejection caused some irritation. Eventually, in September, 1900, a permanent secretary in the person of Robert Halstead was appointed, and the headquarters of the Federation again transferred to Leicester.

By this time the gales of controversy had blown themselves out. Neale and Hughes on the one side, Mitchell on the other, were dead. The Co-operative Productive Federation and its affiliated societies settled down to a period of quiet but steady progress, not adding many new societies to their strength, but expanding their volume of business and increasing their hold upon the co-operative market, in spite of the occasional absorption of one of them by the C.W.S., a process made easy by the predominating position held in many productive societies by the stores, to which the principle of co-partnership counted for less than a favourable offer to purchase.

CHAPTER XV.

THE CO-OPERATIVE UNION.

During the last quarter of the nineteenth century the Co-operative Movement became at once more widely spread and more firmly knit. Not merely was Co-operative propaganda carried into the farthest corners of Britain, but the societies were more closely linked with one another and with the central organisation for propaganda, consultation and defence which had its headquarters at Manchester. In 1875 this organisation was not yet officially known as the Co-operative Union, although the title was coming unofficially into general use. The Central Board, whose constitution had been settled two years before, reported to the Congress of 1875 that during the past year it had had at its disposal an income of almost £1,500 of which about £1,350 was subscribed by the affiliated societies, for the most part at the rate of 1d. per member. The General Secretary, E. V. Neale, whose assistant was Joseph Smith, had drafted during the year the first set of model rules for co-operative societies and this, together with the appointment, also in 1874, of J. M. Ludlow as Registrar of Friendly Societies, ushered in an era of harmonious and helpful collaboration between the Co-operative Movement and the Government Department most closely concerned with it. The attendance at the Congress of 1875 of a trade union delegation foreshadowed the resumption of regular relations with the other great working-class movement which, since the trade unions had ceased to be represented at Congress on the same footing as co-operative societies, had been allowed to lapse. In this chapter are described the changes during the 25 years from 1875 to 1900, in the structure of the Co-operative Union. The driving force for these changes was, of course, supplied by the growth of the Co-operative Movement's own organisation and the need of regular contact or collaboration with outside bodies.

New Sections.

In this period the Movement set out systematically to conquer the south and west of England. The Southern Sectional Board, with Benjamin Jones as its Secretary, aided between 1878 and 1891 by the Guild of Co-operators, a voluntary propagandist body, and from 1883 to 1891 by the Co-operative Aid Association formed specially to assist productive societies, founded and tended scores of new societies in London, the Home Counties, and the Thames basin. There was also energetic propaganda in the west, and especially in South Wales, where the miners and steel workers, having shaken off the effects of the truck system, were forming store societies in every valley. In 1875 this region, along with Gloucestershire and Herefordshire, was detached from the large and unwieldy Midland Section and joined with Devon, Cornwall, and Somerset to make a new section called the Western

After twenty years the Western Section was itself divided. The suggestion of a separate Welsh Section, put forward chiefly because there was no Welsh representative on the Central Board, found little favour. Instead the societies in the south-western peninsula were in 1895 constituted a separate section, making the number of British Sections seven. Meanwhile an Irish Section had appeared and disappeared. Created in 1889 when Horace Plunkett began his propaganda on behalf of agricultural co-operation, the Irish Section consisted almost entirely of creamery societies and its Board comprised Plunkett and his principal colleagues. The sharp difference in outlook between them and the typical British Co-operator led to a definite breach in 1895. Failing to persuade the Huddersfield Congress of that year to condemn the policy of the C.W.S. in establishing its own creameries in Ireland, the Irish Sectional Board as a body resigned office. The few stores that were still left attached to the Co-operative Union were grouped in 1896 in a conference association and given representation on the Scottish Sectional Board, under whose supervision they remained for several years.

District Organisation.

The unwieldiness of the sections and the inability of the Sectional Boards to keep a close watch upon every locality required not only the creation of new sections, but the establishment within the sections of district associations. A few district associations, especially in the valleys of Lancashire and Yorkshire, *e.g.*, Airedale, Calderdale, Rossendale, and on Tyneside and the Clyde, could claim to be older than the sections. In these areas, representatives of societies had been accustomed to meet in conference from very early times. Before 1880 a policy of fitting the old conference groups into the sections and of creating new district associations where none had previously existed was clearly being pursued in all the older sections. In Congress as early as 1877 a delegate proposed the creation of sub-sections as an alternative to the appointment of a national propagandist. In 1878 the Scottish Sectional Board reported that it had divided Scotland into nine conference districts, and the next year that ten conferences had appointed their own district committees.

At the Congress of 1880, the question of central *versus* district development and the cognate problem of increasing the Union's income were thoroughly thrashed out. A paper read by James Borrowman was based upon the policy of the Scottish Sectional Board and advocated the formation of conference groups of 12 societies apiece, partly on the ground that subscriptions would be more easily collected from societies. In a later paper by E. V. Neale, the various issues were placed in proper perspective. In his view effective central propaganda and regular district conferences were equally necessary. The conferences in particular might not only discuss local affairs and questions suggested by the Central Board, but also consider many subjects in advance of Congress and so serve to express and define opinions w[illegible] Congress

would finally ratify. The 1880 Congress Report shows district associations springing up in all directions. During the year Benjamin Jones had organised a conference system in the Southern Section. The Northern Sectional Board had divided the county of Durham into four districts. The North-Western Board had drawn up a model constitution for a district association holding a conference every quarter. Next year, reports from district associations, as well as from Sectional Boards, were printed with the Central Board's report to Congress.

District Representation.

Almost inevitably the districts next demanded representation on the Central Board. In the Northern Section, especially, the opinion was strongly held that Sectional Boards should not be elected by the Sections as wholes, but should consist of District representatives. A resolution to this effect moved in the Congress of 1882 by H. R. Bailey, the Northern Sectional Secretary, was warmly debated. It was strongly opposed by Benjamin Jones who declared that such a system was totally unsuitable to the Southern Section. Eventually an amendment in favour of each section deciding its own method of electing its Board was adopted. For many years to come district representation was to find little favour outside the Northern and the North-Western Sections, and even in these the principle was not carried out completely, certain members of the Board continuing to be elected by the whole section and not by any district. Nevertheless, the districts secured recognition in other ways. From 1884 onwards District Associations began to receive money grants from the Central Board, at first at the rate of £3 apiece. In 1887 the rules of the Union were amended so that they might send their own representatives to Congress.

Departmentalisation.

Alongside the development of Sectional and District organisations, but rather less rapidly, proceeded the division of the Union's work into departments. This scarcely affected the permanent staff, which was still very small, but after 1880 the Central and United Boards began the practice of remitting the detailed consideration of different matters to special committees usually appointed for the duration of one Congress year. In 1880-81 the management of the Union's office in Manchester, which was situated in the North-Western Section, was handed over to the North-Western Sectional Board which, when it met for that purpose, was called the Office Committee.

In the same manner the Southern Sectional Board, which included London in its area, was assigned the duty of keeping watch on happenings in Parliament and the activities of Government departments, and of dealing with legislative questions affecting the Movement such as the amendment of the Industrial and Provident Societies Acts. It thus formed the first Parliamentary Committee. Increasing interest in co-operative production and the desire to speed up its development by the supervision and encouragement of productive societies led to

the establishment of the Productive Committee, the work of which, however, was not particularly effective because of the divided views of its members on the question of the rights of producers and consumers. In 1884 the greetings brought by Harold Cox from Parisian Co-operators to the Derby Congress awakened interest in Co-operation in other lands, and the result was the appointment of a Foreign Inquiry Committee entrusted with the duty of collecting information from correspondents, Consular Agents, and other sources concerning the progress of Co-operation throughout the world. Growing concern for education and the enthusiasm aroused by the Congress addresses of Stuart and Toynbee led the United Board in 1885 to set up an Education Committee. Two other committees which came into existence during this period were joint committees, their object being to secure collaboration with other bodies. One was the Joint Propaganda Committee, first established in 1888, which consisted of representatives of the Central and C.W.S. Boards. The other was the Joint Committee of Trade-Unionists and Co-operators. This committee, set up in 1882 "to promote mutual understanding and to further co-operative production," consisted of four members of the Central Board and four members of the Parliamentary Committee of the Trade Union Congress. In course of time its functions suffered a change. As interest in workers' co-operative production declined in both movements the Joint Committee came to be regarded chiefly as an arbitration tribunal for settling disputes between co-operative societies and trade unions concerning the conditions of co-operative employment, and formulated in 1899 a declaration of principle, subsequently ratified by both Congresses, to the effect that co-operative societies should observe the trade union conditions of employment accepted in their several localities and that arbitration should be called in before either a strike or a lockout was declared.

Registration: E. V. Neale's Retirement.

These were the committees at work in 1889 when the constitution of the Union was set upon a firm legal basis by its registration under the Industrial and Provident Societies Acts. The suggestion that the Union should be registered was first put forward by the Northern Section. Only a few additions and amendments to its rules were required and these were passed by the Ipswich Congress. The Union thus came to be constituted as a federation of co-operative societies, each affiliated society taking out one share with limited liability to the value of five shillings. As before, the Union's income was derived almost wholly from subscriptions, but by becoming a legal person it was enabled to manage its property and publishing business with the same ease as all other registered societies. The registration of the Union marks the real termination of the labours of E. V. Neale as the chief builder of its constitution. He was then almost 80, and his retirement from the General Secretaryship took place in 1891. He did not survive it much more than a twelvemonth. His successor was

J. C. Gray, who had been his assistant since the death of Joseph Smith in the summer of 1883. The new General Secretary's first important task was to secure the passage through Parliament of the new Bill which the Union had decided to promote. During the thirty years since the Act of 1862 a series of amending Acts had been passed, most of them enlarging the Movement's powers as its needs grew and its success became more assured. All this scattered legislation needed reducing to order in a single Act, and the Bill, which the Union had drafted, was designed to codify previous legislation. It became law in 1893 and remains, except for an important Amendment Act passed in 1913, the legal foundation of the Co-operative Movement's rights and liberties.

Growth and Reorganisation.

Meanwhile the Union had been growing in membership, effectiveness, and importance. For the year before its registration its income from subscriptions exceeded £4,000. By 1895 its membership had grown to over 1,000 societies, and though these were barely 60 per cent of the total number of societies registered, their membership was almost 90 per cent of the total number of co-operators. From these figures it is clear that the unaffiliated societies were the small ones, and discussion in Congress revealed that the small societies had a grievance in that they paid higher subscriptions proportionally to their membership than the larger ones. Some years were yet to pass before all societies, large and small, paid subscriptions at a uniform rate per member, but intensive work by the Sectional Boards and District Secretaries brought still more and more societies into the fold. When the century ended the affiliated societies numbered 1,095, with a membership of over a million and a half, and the unaffiliated 556, with just over 200,000 members. The work of supervision and advice was growing beyond the capacity of spare-time Sectional Secretaries. Branch offices in which full-time Sectional Secretaries were installed, were, therefore, opened in London in 1897 and in Newcastle-on-Tyne in 1898.

The last ten years of the nineteenth century also saw several changes in the committee system. The principle of sectional representation on committees was first admitted in 1893 in the case of the Parliamentary Committee, but the resultant increase in travelling expenses caused a reaction in favour of economy, and in 1895 a new plan was tried. Two committees were set up, the one for Education and Production, the other for Office and Parliamentary affairs. Every Section had a representative on each committee, except the North-Western which had two. This attempt to unite incompatibles lasted no more than two years. The Report of the Committee of Inquiry appointed by the Woolwich Congress of 1896 entailed the reconstitution of a separate committee on Education, the Central Education Committee, while the interest in Parliamentary representation aroused by William Maxwell's Presidential Address at the Perth Congress (1897), led to the appointment of a Joint Committee on representation, in addition to the Parliamentary

novel. It had been advocated by Benjamin Jones at a meeting of the Central Board in 1891, and the Parliamentary Committee had then been requested to consult the sections. The Perth Congress naturally was stirred by Maxwell's oratory, but when the Representation Committee set to work it found that opinion in the Movement as a whole was not prepared for practical measures to secure representation. No more than a handful of societies would promise money for an election fund and, except for resolutions at subsequent Congresses that were invariably defeated, the subject was ignored for another twenty years. In 1900, however, the Parliamentary Committee was reorganised. The Union's Parliamentary Committee was united with a sub-committee of the C.W.S. Board with similar functions, and these, together with representatives of the Scottish C.W.S. henceforward formed the Joint Parliamentary Committee. Finally, the formation in 1895 of the International Co-operative Alliance required the reconstitution of the Foreign Inquiry Committee. This body, renamed by the Congress of 1895 the International and Foreign Inquiry Committee, became the official link between the British and the International Co-operative Movement.

The record of the Co-operative Union's development during the last quarter of the nineteenth century, if devoid of stirring incident, is full of patient and persevering constructive work. To the Union, the Co-operative Movement owes the soundness and solidity of its structure. The credit for this, without in any way detracting from the merits of the Union's two great General Secretaries, E. V. Neale and J. C. Gray, can be given to the members of the seven Sectional Boards and the 62 District Conference Executives who spent untold hours of what might have been leisure time in nursing sickly societies, in bringing the wilful and refractory into safe co-operative paths, in stamping out the evils of credit, slipshod book-keeping and slack management, and in countless conferences teaching, guiding, and creating an enlightened co-operative opinion. The results of this work were to be seen in the work of the Congresses and the demeanour of the delegates. Debates grew steadily less academic and more practical. Pithy rather than ornate speeches found the greater favour. As the Central Board's report, the principal part of the agenda, grew larger and larger, Congress became more businesslike in both temper and procedure. Moreover, it cared less and less to be patronised by the eminent and scholarly amateur of Co-operation, but preferred to be under the chairmanship of, and listen to the addresses of, men who had served a working apprenticeship in the Movement. If Congress by this lost something in imagination and width of view it gained much in common sense and its grasp of present realities.

CHAPTER XVI.

CO-OPERATIVE EDUCATION: THE WOMEN'S GUILDS.

Education attracted the attention and support of early co-operators, for they realised that the fullest application of co-operative principles depends upon foresight and faith, both of which can be developed more quickly in those who possess knowledge and a quickened intelligence. Robert Owen and his followers, no less than other early co-operative leaders, gave evidence of their belief in the value of education in the cause of co-operative and human progress. The school at New Lanark stands out as one of Owen's most memorable experiments; but he was also a very active lecturer and a prolific writer. Early co-operative pioneers likewise employed lectures, books and pamphlets for educating co-operators and non-co-operators in the principles of Co-operation; and co-operative schools and colleges were among the plans of co-operators before the famous Pioneers of Rochdale established their store. But our present account of Co-operative Education may well begin with the educational work of the Rochdale Pioneers, for it is to them that the present Movement owes its educational tradition. It is probable that later societies would have been driven to undertake educational activities in their own interests, just as many trade unions have felt themselves compelled to do during the twentieth century; but it is not likely that an educational tradition would have been established in the Co-operative Movement had it not been that so many societies copied the rules and methods of the Rochdale Pioneers *en bloc*, including those relating to education.

Rochdale Pioneers and Education.

The Rochdale Pioneers who launched their society in 1844 attached great importance to education; and in the plan which constituted the first of their rules they proposed "to arrange the powers of production, distribution, education, and government." Education is not mentioned in any other of their first rules and, indeed, the rule (No. 22) which deals with profits provided only for their distribution as dividend, after interest at the rate of 3½ per cent had been paid upon share capital; yet we know from contemporary records that they were keenly interested in education and undertook educational activities even before the society's funds were charged with any of the expenses incurred. Abraham Greenwood, in a pamphlet he wrote in 1877, entitled "The Educational Department of the Rochdale Equitable Pioneers Society Limited: Its Origin and Development," tells us that "the early Pioneers were in the habit of assembling themselves together after the day's toil was done, in the back room of the old store, for the purpose of hearing the news of the week." Discussion, a valuable form of education, inevitably followed. In 1848, the Pioneers took over the whole of the building in which their store was situated; and

in 1849 a news room and library was opened there, financed by a voluntary subscription from interested members of 2d. per week. Aspirations grew with the success of the experiment; and as the voluntary subscriptions did not yield an income sufficient to meet the enlarged expenditure of the library, an appeal was made to the society for assistance. The work was so far approved by the members that at successive quarterly meetings they agreed to make a grant, usually £5 a quarter, but on one occasion £40.

After the passing of the Industrial and Provident Societies Act of 1852, a revision of the society's rules was undertaken and this (according to Greenwood's pamphlet) was the occasion when the famous rule providing for the allocation of 2½ per cent of the profits for educational purposes was introduced. As many new societies copied the rules of the Rochdale Pioneers, *in toto*, other societies came to make this provision, and all societies were urged to do so by a resolution of the 1870 Congress.

In addition to conducting a library and a central news room* as well as the branch news rooms which were subsequently opened, the society invited lecturers of eminence to visit the town and give public lectures in the Town Hall on interesting scientific subjects; and after the society opened its new premises in 1867 the lecture service was extended in its own large hall. But in the '70s other bodies commenced to arrange public lectures; and finding the attendance at its own lectures declining, the society directed more attention to the organisation of classes. In 1873 it decided to affiliate with the Science and Art Department of South Kensington, which, before the present Board of Education was established, was the body through which grants were obtained for the classes that were established. In its first year the society enrolled 31 students in science classes. But class work had commenced long before this date. Holyoake tells us in his "History of the Rochdale Pioneers" that from 1850 to 1855 a school for young persons was conducted at a charge of 2d. per month, and that "Since 1855, a room has been granted by the Board for the use of from 20 to 30 persons, from the ages of 14 to 40, for mutual and other instruction, on Sundays and Thursdays." It must be remembered that compulsory elementary education did not exist at this time, and that many early co-operators could neither read nor write: the mutual instruction was principally the teaching by better educated members of reading and writing to those who were not capable of either art.

The classes organised in conjunction with South Kensington increased in number and scope; and according to Holyoake's "History of the Rochdale Pioneers" there were nearly 400 students in science, art, and technology classes in 1883, and nearly 500 in 1886. This was the

*John Bright, in 1862, said that a member of the Athenæum Club, London, who had visited the news room, declared that the selection of periodicals there to be found was "better and more extensive than that provided by the Athenæum Club itself."

high-water mark, for local authorities began to interest themselves in technical education in the '8os and, in Rochdale, classes organised by the Technical School Committee commenced in 1886 and 1887. The Pioneers' classes went on with diminishing numbers until the '90s, and the present writer attended a chemistry class under the society's auspices in the session 1892-93, when it still had what Holyoake describes as " by far the best chemical laboratory in the town."

Other societies copied the example of the Rochdale Pioneers in organising classes in scientific, technological, art, commercial, and general subjects, and this work was being done on an extensive scale by the Co-operative Movement before it became a recognised public responsibility. When the work was transferred to public authorities in the '8os and '90s, many co-operative societies found themselves possessed of educational funds and little work on which to expend them. Looking back, we may say this was a critical time for co-operative education. In the circumstances, educational grants might have been withdrawn, and educational work abandoned. Fortunately, however, the Co-operative Union was sympathetic to education and was inspiring societies to educational endeavours, whilst Arnold Toynbee had indicated the new line of effort for co-operators to follow in an address he gave on the occasion of the Oxford Congress (1882). Toynbee said the work of co-operators was the education of the citizen.* We have already seen that the Rochdale Pioneers had recognised this responsibility in addition to providing general technical instruction. In accordance with this recognition, the society was among the pioneers in arranging university extension lectures, and developing university extension work.† The holding of a class between two extension lectures originated at Rochdale ;‡ and it does not require a great stretch of imagination to see in these classes the germ of the University Tutorial Classes of the present day. Professor Stuart (1879), supported the plea for education and stated the case for the education of co-operators in the following words :

> " If the mass of your members are not sufficiently instructed in economic science, in the facts of commerce, in the state of this and other countries, in the history of trade, in general knowledge,

*The following is an extract from his paper : " What part of education then is left for co-operators to appropriate ? The answer I would give is, the education of the citizen. By this I mean the education of each member of the community as regards the relation in which he stands to other individual citizens and to the community as a whole. But why should co-operators more than any one else take up this part of education ? Because co-operators, if they would carry out their avowed aims, are more absolutely in need of such education than any other persons, and because, if we look at the origin of the Co-operative Movement, we shall see that this is the work in education most thoroughly in harmony with its ideal purpose."

†Deputations were received at Congress from the Extension Boards of Oxford and Cambridge, and co-operative students attended the summer meetings arranged by them.

‡For a very interesting account of this, see an extract from the "Life of Professor James Stuart," (Cassell & Co.) given in the *Co-operative Educator* for March, 1928.

> and in particular knowledge of what you aim at and how you seek it—I say if the mass of your members are not sufficiently instructed in these things, there arises a real danger to the Co-operative Movement; your numbers become a hindrance, and your possessions become a peril, and your productive endeavours will continue to be the failure which they too often hitherto have been. Your Movement is a Democratic Movement, if ever there was one. It, therefore, cannot repose on the good sense of a few; its success will depend on the good sense of the masses of your people. . . . First you must educate your members in your own principles, and in those of economic science, and in the history of endeavours like your own; and, in the second place, you must educate them generally. Education is desirable for all mankind: it is the life's necessity for co-operators."

Central Board and Education.

The Central Board continuously gave evidence of its belief in the necessity for education for co-operators; papers on education were frequently read at Congress; inter-representation with the National Union of Teachers at the respective annual meetings was sought; and an education committee was appointed by the Central Board from its members in 1883 (the United Board at first appointed the committee from its own members) to act as a central advisory body; and most of the Sectional Boards appointed an education committee. It was about this time that the object of Co-operative Education was declared to be: "primarily the formation of co-operative character and opinions; and secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and municipal life generally."

In pursuance of these objects, the Union has carried its educational work from stage to stage as time has passed. At the Oxford Congress (1882), in addition to the paper read by Toynbee, a paper was read by Ben Jones on "The Education of the Co-operator." Congress passed two resolutions after the papers had been read. One expressed approval of various suggestions contained in the papers and asked the Central Board to prepare a report on education and submit it to societies, whilst the second expressed approval of a suggestion made by Acland in the discussion to the effect that papers on suitable subjects should be issued under the auspices of the Central Board and that Toynbee and other friends might form a committee to undertake this work under the direction and advice of the Central Board.

The Central Board, in its report to the 1883 Congress, said that nothing had been done in the way of preparing a report in accordance with the first resolution quoted above, that the papers by Jones and Toynbee had been discussed at many conferences during the year and that out of the scheme sketched by Mr. Acland there had grown up a plan of systematic instruction in the principles of Co-operation and

the duties of co-operators which had been inaugurated in London by a class conducted by Mr. B. Jones with occasional help from Mr. Acland. (A full report of the class is given in the Report of the 1883 Congress, page 13, and a copy of a syllabus covering 14 lessons in Co-operation is given in the Appendix to the Report). This, we believe, is the beginning of class instruction in Co-operation and social subjects in the Co-operative Movement. The same report also records the preparation of a scheme of educational development drawn up by Ben Jones in consultation with Acland and Toynbee, and laid before the United Board during the Congress year. The scheme forms the basis of the syllabus of instruction in Co-operation given in the Appendix to the Report.

The United Board gave the Southern Sectional Board power to arrange with a small committee of members of the Oxford University to work with the Sectional Board; and Messrs. A. H. D. Acland, A. Sedgwick, and A. Toynbee were nominated by the Board as the persons to consult with and advise the Central Board on educational matters. Suggestions were also made for short courses of three lectures to be delivered by university men to co-operative audiences; and courses were delivered at six or seven centres during the Christmas vacation in accordance with this arrangement. During the year, too, the Sectional Boards had been busy fostering educational activities; and in the Southern Section the Guild of Co-operators in the fifth year of its existence had also been busy. In addition to helping the formation of societies and adding to the number of its publications, the Guild Executive had given lectures or addresses at nearly 60 public meetings.

United Board's First Education Committee.

The interest taken in education at this time led to Congress passing the following resolution on the initiative of the Central Board :—

> "That the United Board appoint from its members a working educational committee, with power to add to their number, to provide for the educational needs of the Movement, and to carry out the necessary work forthwith."

Such being the sympathy of the Central Board and Congress towards education, it is not surprising to find the Central Board suggesting that the amount subscribed, and further subscriptions received, for the Hughes Testimonial Fund (£1,413 up to this date) should be applied for the establishment of a scholarship for co-operators at Oriel College. This proposal was ultimately adopted and when, a little later, a testimonial to commemorate the work of Neale for the Movement was also provided it was agreed that this, too, should take the form of a scholarship at Oriel College.

The report of the 1884 Congress reported the decision to establish the Hughes Scholarship at Oriel College; but more important is the report of the educational committee of the United Board previously mentioned (formed as a result of the Congress

resolution quoted above) presented to Congress by its secretary, Mr. A. H. D. Acland. This is the first report of a Union educational committee to Congress. The United Board had made a grant of £25 to the committee whose first task was to find out what work was being done by societies. A questionnaire was issued, but was responded to only incompletely, so that the committee were only able to say that out of an expenditure by societies of about £13,000 (the annual allocation for education at this time was about £18,000), about one-half was spent on news rooms, one-quarter on libraries, and of the remaining quarter the greater part was spent on entertainments and excursions, or in selling the *Co-operative News* at a reduced price, or giving it away. This is in all probability an understatement of the gross amount spent on definite educational work such as classes and lectures, for it is known that at this date many societies were organising evening schools and classes as well as arranging courses of lectures, but as most of the cost of classes was met from Government grants, only a part of the cost fell upon societies' educational funds, yet societies should be given credit for the class work they organised, even if the Government paid a substantial part of the cost. Municipalities were at this date becoming more active in the field of evening school and technical school education; and the report quotes a circular issued to societies in the section by the North-Western Sectional Board in which it is pointed out "that in many places the municipal authorities, school-boards, or other more or less public bodies have made far superior provision for such education as these institutions supply (*i.e.*, libraries, reading rooms, art and science classes, &c.) than the co-operative society can ever hope to do, and that for co-operators to attempt to rival these institutions, which are themselves largely co-operative, would be a wrong and wanton expenditure of co-operative money." The education committee, continuing their report, say: "It is pretty clear that before many fresh societies will make grants for educational purposes, it will be necessary to show them that the particular educational work they have to do is not being done by other agencies." The committee recommended the organisation in each society of small social gatherings for reading and discussion and the organisation of classes in Co-operation and its principles, taught by volunteer co-operative teachers. A long and interesting discussion ensued when the report was considered at Congress, and only came to an end because time did not permit of its extension. Congress passed a resolution:—

> "That this Congress is deeply impressed with the absolute necessity to rapidly further the development of some system of education in Co-operation, and the delegates pledge themselves to bring the subject before their respective societies with the view of aiding in the successful attainment of this purpose."

It is clear that Congress realised that education was vitally necessary, but did not quite know how to express its desires in a practical scheme of work. Meanwhile, literature had been published; and in addition

publications, "The Manual for Co-operators," "Working Men Co-operators," and "Manual for Auditing." The Central Board, at its meeting after Congress (*i.e.*, the 1884 Congress) approved the continuation of the education committee.

Reconstitution of the Education Committee.

Following the decision of the Central Board, the educational committee was reappointed. It now consisted of two representatives of the North-Western Sectional Board and one representative from each of the other Sectional Boards then in existence (Midland, Northern, Scottish, Southern, and Western) appointed by the Sectional Boards. The education committee previously had been composed of United Board members; henceforward it was composed of other members of the Central Board. In their report to the 1885 Congress, the new education committee reported that they had:—

(1) Received a grant of £25 from the United Board;

(2) Prepared outlines of co-operative lessons for teachers and pupils;

(3) Approved a paper and hints for co-operative teachers;

(4) Approved a poster and circular inviting persons desiring to teach Co-operation to communicate with the head office or the sections;

(5) Made arrangements for a series of papers (to be ready by Congress) for reading and discussing at members' conferences.

The Committee also reported that special educational committees had been formed by the Northern, North-Western, and Southern Sectional Boards; and the work of these committees was recorded along with the sectional reports in the Congress Report. All of them reported considerable activities and a record of good pioneering work.

Syllabus and Class Developments.

The Congress of 1885 instructed the United Board to offer prizes for papers on Co-operative Education and Co-operative Production, the prize papers to be read at the Plymouth Congress. Thirty-three papers on education were submitted, and the two prize papers were duly presented to the Plymouth Congress. The chief value of the papers lay, not in any great originality of suggestion, but in the interest they roused at Congress in educational work and in the discussion that followed their reading. The following resolution, moved during the discussion, was passed unanimously:—

> "That this Congress urges the Central and Sectional Boards to energetically forward the work of education, and strongly recommends societies to heartily support the Board's efforts."

The Education Committee in their report to this Congress (1886), said they had arranged with the publishers of two series of primary school books to insert lessons on Co-operation in the reading books

issued by them for use in elementary schools; they had prepared a new set of outlines and hints to teachers of co-operative classes; offered prizes for songs and dialogues suitable for use at co-operative meetings; were preparing a list of books suitable for inclusion in co-operative libraries; and they offered advice to societies respecting their educational activities.

From 1886 to the end of the century, the development of educational activities both centrally and in local societies continued. It was a difficult time as all periods of transition are; and this was the period during which societies were abandoning to public authorities the evening schools and technical classes they had been organising, and were initiating the specifically co-operative education which is the basis of the Movement's educational work to-day. The details of the development are so important to the student and other educationists that the chief items of that development between 1886 and 1900 are given in Appendix IV. Here, it is necessary to deal only with the broader features of that development and the principal events.

The Central Board continuously encouraged the establishment of co-operative classes; and classes in Co-operation gradually increased in number. Approval was given (1887-88) to the preparation of lesson outlines in co-operative book-keeping and auditing; and the preparation of a text book on co-operative management was approved. In the following year, the educational programme included elementary co-operation, advanced co-operation and book-keeping, and auditing was added a year later (Session 1889-90). The number of students was naturally small at first; and the numbers sitting for examinations was reported to be as follows:—Co-operation in 1888, 40; in 1889, 17; in 1890, 70; whilst eight papers were applied for in book-keeping for the first examination in 1890. Scholarships for successful students enabling them to attend the Oxford University summer meetings were granted in 1889 and were continued (in some years to other university summer meetings or Congress) until the Movement established its own summer schools just before the War.

Correspondence tuition appears to have commenced in the Session 1890-91, when Mr. Neale conducted a course in Advanced Co-operation based upon outlines of lessons published in the *Co-operative News*. Other subjects were gradually added to the educational programme. In 1892-93 the inclusion of Political Economy was suggested; but as no text book considered suitable was available nothing was done. In 1893-94, however, classes for the study of "Life and Duties of the Citizen" were recommended and formed; and a step leading to the organisation of class work among juniors under the auspices of the Union was taken in the Session 1895-96 when the Union's education committee agreed to grant a special certificate to the members of the Junior Co-operative Club who submitted successful essays in an examination in Co-operation conducted by Miss Sharland. In 1897-98 Industrial History was included in the list of subjects in the educational

Thus, by 1900, most of the central subjects of the social subjects section of the present educational programme had been made available to co-operative students in classes organised in accordance with the Union's scheme. During the Session 1899-1900, 1,154 students enrolled in Co-operation, Industrial History, Citizenship, and Book-keeping, whilst 582 candidates sat for the examinations in these subjects and auditing, in which subject the students arranged for their own tuition. Developments had taken place in class work among juniors; a text book had been published; and in 1900, 942 children took the children's examination. Modern languages had been included in the Union's programme; and societies had been urged to establish language classes, but the response was poor. In view of the excellent facilities provided by local authorities for language students this result is not surprising, and whilst co-operators have need of a knowledge of foreign languages in view of their international aspirations, the existence of satisfactory facilities elsewhere explains why languages no longer appear in the Union's educational programme. Only two more references to tutorial work call for notice. One is the attempt, in co-operation with the Oxford University Extension Delegacy, to promote class work in Industrial History and Citizenship. In 1899, the Delegacy placed the services of Mr. Joseph Owen at the disposal of societies for classes in these subjects at a subsidised fee of 10s. 6d. per lecture, but only one society accepted the offer and the scheme was abandoned. The second reference is to teachers from within the Movement. The Head Office of the Union at the end of the century began the compilation of a register of teachers as a means of securing an increased supply, and an examination for teachers was held in 1900 under the auspices of the University Extension Delegacy and four candidates passed.

New Publications.

The development of class work necessitated the provision of text books, and the organisation of meetings of guild members and of other groups called for the issue of song books, &c. These needs it was sought to meet. "The Manual for Co-operators" and "Working Men Co-operators," still recognised as outstanding books of value, were published; and a Book-keeping text book was also published. In addition, numerous pamphlets of text book value were issued and used for class purposes. Books containing songs, recitations, dialogues, and short stories were also prepared. Attempts were made to secure the inclusion in books used in the elementary schools of chapters on Co-operation, but despite the persistency of the Union and the promise of publishers, success was not attained.

Developments of Educational Machinery.

It was natural that the developments outlined in this chapter should affect the machinery for undertaking educational work. Whilst in 1870, specifically co-operative education was almost negligible it was the predominant interest in 1900. Evening schools and classes in science

and art had been handed over to local authorities as also had most of the co-operative libraries and news rooms, and other similar transfers were to follow. Machinery suitable for the work of 1870 to 1890 was not necessarily suitable for the work of 1890 to 1900. There was little or no change in local machinery, but important changes took place in the sectional and national machinery. Most of the Sectional Boards had appointed educational committees and these committees did excellent work, but they had defects. Members of the Sectional Boards were not necessarily, usually not, members of educational committees; some of them came from societies that had no educational committee and did no educational work. Such members were consequently not in close touch with local educational work and did not understand the needs, difficulties, and problems which local education committees had to face. A movement, therefore, commenced for federating education committees in each section in a sectional association. The North-Western Section led the way, the North-Western Section Co-operative Educational Committees' Association being established in the Session 1886-87; but Sectional Board education committees continued their activities for some time after this date, and it was not until the Session 1898-99 that the local education committees in the Northern, Scottish, and Southern Sections took steps to form a sectional education association for their respective sections, whilst the Congress Report of 1900 reports only the Midland, Northern, and North-Western Sectional Educational Associations as having representation on the Union's Education Committee. The establishment of the sectional educational associations had become essential in view of the constitutional changes in the central educational organisation.

The establishment of the United Board's education committee which presented its first report to the 1884 Congress, and the subsequent constitution of the committee as a Central Board Committee on the basis of sectional representation have already been noted. Following the division of the Western Section into a Western Section and a South-Western Section, the South-Western Sectional Board was authorised to appoint a member to the committee for the year 1896-97. In 1899 the Central Board added a representative of the Northern Sectional Educational Committees' Association to the Education Committee.

Special Committee of Inquiry.

Despite the expansion of the activities of the Union's Education Committee, dissatisfaction existed in regard to the position of education in the Movement. The dissatisfaction found expression in a paper read by Miss Ll. Davies at an annual meeting of the Women's Guild, and consideration was given to this paper by the Union's Education Committee during the Congress Year 1895-96. (Extracts from the paper are given in the Report of the 1896 Congress). Miss Davies said:—

"Co-operative education is two-fold:—

(1) Purely co-operative—being education in the principles and work of Co-operation.

(2) General—by giving co-operators greater facilities for obtaining general knowledge and instruction, to better fit them for social duties.

The work of the United Board Education Committee should be to initiate and *organise* education on co-operative matters, and *advise* on matters connected with general education."

She suggested that the Union's Education Committee should be enlarged by adding representatives of a number of outside bodies.

During the discussion of the Education Committee's Report at the 1896 Congress, the following resolution was submitted :—

"That the United Board, through its educational committee, be authorised to take such steps as may be necessary to bring before the notice of societies which at present do not devote any portion of their profits to educational purposes the advantages of having an educational department, and that for this purpose it is advisable for the educational committee to prepare some practical scheme for the application of educational funds by societies, which scheme they may bring before societies either by personal deputations or otherwise."

This resolution was met by an amendment in the following terms :—

"That in view of the necessity for increased activity and systematic development of the educational work of co-operators, it is hereby resolved that a special committee of inquiry be appointed by this Congress to inquire into and report on the present educational work for co-operators, and that such committee report to next Congress."

The amendment was carried, and it is clear from the report of the discussion that whilst delegates were by no means censorious of the existing education committee, they desired to see more vigorous action taken in regard to education.

The Special Committee of Inquiry on Education submitted its report to the 1897 Congress on the basis of the terms of reference in the resolution (already quoted) passed by the 1896 Congress.

It reported :—

Replies to an inquiry had been received from 402 societies and 133 of them had no education fund.

The other 269 societies granted £26,336 during 1895, the lowest grants being a few shillings, the highest £2,368. 153 of the 269 granted less than £50.

The grant was a fixed sum in 32 societies and a percentage of profits in 166.

The principal expenditures were :—

376 reading rooms maintained by 95 societies cost £11,370.
Libraries maintained by 131 societies cost £5,237.
Lectures (585) were provided by 123 societies, cost £1,079.
Classes held (4,635 students) by 53 societies cost £1,079.
(Only 15 had classes on the Union's programme and 43 societies had classes on other subjects.)
Granted to guild branches, £305.
Propaganda lectures and concerts are thought to account for the lion's share of the balance.

The general committee in 172 and a special education committee in 154 societies managed the education fund.

Regular meetings or classes for discussion of co-operative subjects held at regular intervals by 35 societies.

Thirty-eight societies have tried to induce employees to attend classes and 11 have succeeded.

Grants from public bodies for lectures and classes reported by 17 societies.

Nearly every society reports that technical education is being undertaken by local authorities. Of 26 societies that have given up classes, 13 say the local authorities have taken up the work.

Forty-two societies join in educational efforts of outside bodies by paying fees or offering scholarships and prizes.

Under the head of criticism the committee say :—

1. The pioneer work of societies in organising libraries, reading rooms, and classes in technical subjects, is now being taken over under more favourable conditions by municipal authorities.
2. There is an absence of any systematic training in industrial and municipal subjects either by co-operative societies or by any outside body. "Here, in *the teaching of industrial economics and the duties of citizens*, is the new pioneer work lying at the doors of co-operators."

Proposals : The committee proposed :

1. Constitution of the Central Education Committee :

"That a central education committee be appointed with the same standing at Congresses as members of the Central Board. That the committee consist of seven members to be elected by ballot at Congress from a list of candidates nominated at sectional conferences of education committees, each conference may nominate seven candidates.

"That Congress fix the committee's annual allocations, £500 required for the first year. That staff be increased by appointment of an assistant secretary qualified as an educational organiser."

2. Work of the Committee :

Subjects.—To promote the study of :

(1) Economic Theory and Practice.

(2) Citizenship.

(3) Technical Instruction. In these subjects it is desirable to take advantage of opportunities offered by local bodies, and to act in conjunction with them.

Methods :

Publication of annual programme and suggestions.

Keep in touch with various educational agencies.

Provision of teachers and lecturers to societies.

Institution of a prize-essay scheme to bring forward co-operators interested in education.

Pooling of funds to finance district lecture schemes and courses of study.

Local investigations into industrial conditions and developments.

Organising annual summer meetings.

Advisory visits to societies.

Editing of educational literature.

Collection of statistics and issuing of reports on special features

3. Recommendations to Societies :

All societies to make an education grant of not less than 2½ per cent *of profits.*

All societies, where possible, should appoint a permanent, paid, education secretary.

All societies should have a special education committee appointed by members.

Quarterly or half-yearly educational meetings of members should be held.

Societies should avoid overlapping other educational agencies in their area.

Societies should ascertain how far co-operation with other local bodies is possible.

Societies should lend their halls for lectures and classes attended by co-operators.

Scholarships and other assistance should be given to students for attendance at higher-grade schools.

Special economic libraries should be formed.

Classes for studying modern languages should be established.

An Outline for Societies :

Provision of libraries and reading rooms, and, where practicable, meeting halls and recreation rooms.
" " classes for studying Co-operation.
" " lantern and other lectures on co-operative subjects.
" " concerts and social meetings.
Establishment of branches of women's guild.
" " bands of young co-operators.
" " evening continuation schools.
" " technical instruction and science and art classes in connection with public bodies.
" " lectures and classes in Economics and Local Government.
" " visits to municipal and public institutions.

The consideration of the Report was adjourned and at the 1898 Congress the Special Committee's Report was again submitted in its original form. The Union's Educational Committee submitted an amendment on the following lines. The first part approved the suggestions made in the Special Committee's Report regarding schemes for central and general educational work. The second part recommended against the proposals under the head of Constitution of the Education Committee (see the summary of the Report given earlier); and the third part was in the following terms :—

> "That the constitution of the Educational Committee *remain as at present, i.e., one from each section,* except the North-Western, which shall appoint two, and that further members be added as follows :—viz. : In all cases where in any section there exists a sectional educational association, recommended as such by the Sectional Board and approved by the United Board, acting for the educational committees in such section, such associations shall be entitled to appoint one representative

to sit on the Educational Committee, except as regards the North-Western, which may appoint two; also that the council of the Women's Co-operative Guild shall be entitled to appoint one representative. The expenses of all such additional representatives to be paid by the body which sends them."

"That the General Secretary continue his services as secretary to the Educational Committee, and supervise the work, but that the services of one of the office staff be devoted more particularly to the work of the educational department."

The members of the Special Committee were, in general, not unsympathetic to this amendment since the bulk of their report was acceptable. The chief criticisms of the amendment were the size of the new committee and the absence of a guarantee that the person appointed as secretary of the department would be capable of organisation and initiation and not do merely clerical work. Despite the criticism of the amendment, the Report, as amended, was adopted; and the committee formed in accordance with the new constitution functioned for the first time in the Congress Year 1898-99.

New Education Committee.

The new committee entered energetically upon its task, and Congress after the presentation of the committee's report for the Session 1898-99 expressed its gratification with "the admirable report of the work done by the committee," endorsed its programme of educational work, and recommended it for adoption by all societies having educational funds at their disposal. Further, Congress urged all societies "which at present make no grants for educational purposes to bring the subject before their members at the earliest opportunity, with a view to making educational grants universal throughout the Movement."

The constitutional basis of the committee adopted by the 1898 Congress remained in force, until the alteration of the constitution of the Union by the Glasgow Congress in 1932, though additional bodies were empowered to appoint representatives to the committee.

Between 1870 and 1900 considerable progress had been made, and the following items may round off our review of the period up to 1900. In 1900, Education Committees' Associations existed in the Midland, Northern, North-Western, Scottish, Southern, and South-Western Sections. A speaker at the 1900 Congress said that out of 1,632 societies, only 668 made grants for education, and Congress passed a resolution urging all societies to make such grants. The total of the grants made in 1899 was £57,595, an increase from £53,343 in the previous year.

Women's Co-operative Guild.

The Women's Co-operative Guild was established in April, 1883, as the Women's League for the Spread of Co-operation. That bare announcement does not reveal the importance of the momentous event

it announces; for it is safe to say that no organisation yet established has done more for the education of women in matters of co-operative and general importance—social, political, and economic—than the guild has done. Whilst its doors have been open to women of all classes—and it has received very great help from pioneers and leaders from another stratum of society—it has been of immense service to working-class women who constitute almost its entire membership. Denied, by their restricted early education and the conditions of working-class life, the opportunity of taking their rightful place in the life of the community, the Guild, by championing their cause, has secured for them "a place in the Sun," and by its educational work has fitted them to occupy their place with ability and success. Many thousands of women owe to the Guild the enrichment of their life through its work on their behalf and the opportunities it has placed in their way; and if the enfranchisement of women found many of the sex prepared to take a leading part in public life, it was largely due to the education and training they had received in the Guild. The service of the Guild and its members to the Co-operative Movement has not been less meritorious. The Guild has always been in the forefront of movements for advancing the interests of Co-operation, risking unpopularity and financial loss if need be, rather than desert the action which its members believed to be in the best interests of the Co-operative Movement. Individually, its members have taken part in the duller detail work of management and education committees; and the large and important part which women now take as members of co-operative committees is almost entirely due to the Guild. In public life as members of local authorities, as magistrates, and in other capacities, they have rendered equally valuable service to the community. The devoted service of many fine women to the Guild and its work stands out as one of the brightest features in co-operative records, and testifies to the great influence which the Guild has exerted upon members of the Co-operative Movement.

The commencement of the Guild, like the commencement of the Pioneers' Society, gave little indication of the great results that were to follow it. The official history of the Guild, "The Women's Co-operative Guild: 1883-1904," by a former general secretary and a great builder of the Guild, Miss Margaret Llewellyn Davies, tells us that at the beginning of 1883, a special part of the *Co-operative News* was set aside as the "Women's Corner," of which Mrs. Arthur Dyke Acland was the first editor. At an early date, Mrs. Acland in an article in the "Corner" asked "Why should we not hold our co-operative mothers' meetings, when we may bring our work and sit together, one of us reading some co-operative work aloud, which may afterwards be discussed." Mrs. Lawrenson, of Woolwich, in a letter, among a number received by Mrs. Acland, suggested that Mrs. Acland and a few others might form a Central Board, and draw up a plan which all might follow. Further correspondence followed, and in April it was possible to say that the Women's League for the Spread of Co-operation

was founded. It then had seven members. At the Co-operative Union's Congress of 1883, held that year in June at Edinburgh, the League was finally established; its membership rose from 14 to 50; a subscription of 6d. per member was decided upon; the formation of branches suggested; and the first leaflet issued.

Three branches had been formed—at Hebden Bridge, Rochdale, and Woolwich—and when the first annual report was presented through the "Women's Corner" in June, 1884, there were six branches in existence with a total membership, including associates, of 235.

The Guild was sympathetically received by the Co-operative Union. The annual meeting of the Guild was at first held at the same time and place as the Union's Congress; the Guild Report was printed with the Union's Report to Congress; and in 1886 the United Board made an annual grant which at first was £10 and has since been very considerably increased.

If the Guild was officially recognised and welcomed in this way, its path was by no means wholly smooth. There were many who still believed that the woman's place was the home, meaning, apparently, the *only* place where she should function; but this opposition of conservatism gradually broke down as the women themselves became more assertive, and proved by their deeds that they could make a valuable contribution to the Co-operative Movement and civic life. In many societies the rules provided that only one member of a family could join, and where this was the case it was usually the husband. In these societies guild members pressed for "open membership" so that more than one member of the family might join, and so successful were they that before the end of the century the women members outnumbered the men in a number of societies.

Activity breeds interest; and interest strengthens the adhesion of members and causes growth. It is not surprising, therefore, that the Guild, which has always displayed activity, should have grown. Directed by wise leaders it paid due attention to organisation, linked its branches into districts and sectional organisations, and all to a central committee. By 1892, 100 branches had been formed, and a great festival lasting three days was arranged to celebrate their formation. This festival gave a great impetus to the work; it brought as representatives of their branches women who had never before been away from their home town to stay; caused them to look out beyond the narrow confines of their own locality and its problems, and strengthened their interest in the Guild which seemed to them to have such great opportunities for making the world a brighter one for them and their sisters. The first annual meeting of the Guild away from the Union's Congress was held in 1893 at Leicester. Since then, the Guild Congress has been held annually in different parts of England and Wales.

Machinery exists to perform work; and the Women's Guild has always considered its work more important than its machinery, but it has, nevertheless, always paid due regard to principles of organisation

and management. It has always prided itself, with justification, upon being a self-governing organisation, co-operating with and helped by other organisations, but never yielding to them on any point it considered vital. Very wisely, the Guild leaders advised concentration of attention upon one or more questions throughout the Guild each year. To have all sections and districts considering the same subject prepared the delegates for the final consideration and judgment of the subject at the Annual Congress, with the result that decisions were based upon knowledge and informed opinion and carried greater weight in consequence. Among the many subjects discussed by the Guild in its first 20 years were the Half-Time System, the Guild and Local Government Act, Housing, Factory Legislation, Women and Local Government, and many co-operative subjects such as High Dividends, Women as Shareholders and Officials in the Co-operative Movement, Conditions of Membership as affecting Women, Suggested Reforms in Co-operative Education, Desirability of Open Membership, Women on Management Committees and Education Committees, Co-operative Life Insurance, and the Co-operative Wholesale Society from the Guild standpoint. Two inquiries were conducted; one into the conditions of work of Women Co-operative Employees, and a second into Co-operation and the Poor. The latter caused the Guild to concern itself intimately with the Coronation Street branch store of the Sunderland Society, opened specially in a poor district for the purpose of taking Co-operation to the poor by offering them goods of the kind they were likely to buy in quantities and prices suitable to their purchasing habits and power. In connection with the shop was a meeting room and kitchen so that social meetings and settlement work could be arranged there, whilst the establishment of a penny bank was intended to encourage thrift. In all these activities the Guild took a prominent part.

Three other aspects of Guild activities during the first twenty years of its existence must be noticed before this account of its work is concluded. The first is the convalescent fund established in 1895 as a memorial to Mrs. Benjamin Jones, of London, who had been one of the earliest and most active of the Guild workers. This fund—commencing with £200 subscribed for the memorial and afterwards continuously enlarged—provides an income which was to be employed "for sending away Guild members who were in need of change and rest." It has fulfilled its purpose admirably and the management of its business keeps the secretary of the fund busy in performing one of the most useful of the Guild's functions.

The second aspect of the Guild's activity yet to be noticed is the relationship of the Guild to public questions and public institutions. We have already seen in the subjects considered by the Guild its interest in these matters. Ten yeais after the Guild was established its members were urged to take part in public life, and the work thought to be most easily within their reach was that of Poor Law Guardians. In 1894, 45 guild members were candidates for guardians' seats and 22 were

successful, 18 of them standing in consequence of the Guild's agitation. From this field, the guild members advanced to others, though their greatest successes were not achieved until the twentieth century. In 1894, the Guild began to take action in favour of the "Free Breakfast Table" and Free Trade generally; and in 1893 organised a great Free Trade Demonstration in Manchester. It took part also in the Women's Suffrage agitation, and continued to be associated with it until success was finally gained in the twentieth century.

The further aspect of the Guild activities to be noted is its relation to the Women's Guilds in other countries. Although the Guild was "finally floated" in Edinburgh, it does not function in Scotland where there is a sister guild established in 1892. With this and the Irish Women's Guild established later, the English Guild has always maintained the most cordial relations, though the differing nature of the problems which they respectively face minimises the number of occasions when they can undertake joint work. But Guilds have been established outside the United Kingdom, *e.g.*, in Holland, and before the end of the century inter-representation at the congresses of the respective guilds was established. The number of guilds in foreign countries grew a little more rapidly during the twentieth century, and made possible the establishment on the initiative of the English Guild of an international organisation of the guilds.

Beginning in the simple manner described at the commencement of this section, we see the Guild entering into international relationships at the end of the century, thus realising the mission of Co-operation to unite the peoples of the world.

Scottish Co-operative Women's Guild.

It was natural that the formal establishment of the Women's League at the Edinburgh Congress in 1883 should be noticed by women co-operators of Scotland. In the years that followed, various activities such as sewing classes and health lectures that engaged the attention of women were organised by co-operative societies in Scotland. One thing leads to another, and in 1892 successful efforts were made to bring together the various groups in a national organisation. Mr. James Deans in a preface to the official "History of the Scottish Co-operative Women's Guild," by Mrs. A. Buchan, tells us that in that year "representatives from 11 different branches met in Glasgow in the Clarence Street Hall of the Scottish Co-operative Wholesale Society." Early in its history the Guild was to demonstrate the wisdom of bringing together the women of the Movement, for in 1894 it took the lead in a great bazaar that was organised in Glasgow to raise funds for a convalescent home. By this time, the Guild had 22 branches and 1,500 members; but the bazaar gave it a much deserved publicity which was extended in 1899, when a second bazaar was held to reduce the debt on the homes. The Guild now had 50 branches, it doubled the results of the first bazaar effort and raised nearly £5,000. Until the new

area, although Guild activities commenced at Perth and Kilmarnock in 1891, and at Alloa in 1892. For this reason the Guild was a district rather than a national organisation, and it was not until 1901 that the Guild territory was remapped into 11 districts, including Ireland, the district committees being composed of two representatives from each branch, and one member from each educational committee in the district. The alteration of this constitution belongs to a later period than that covered by this chapter. Up to 1900, the attention of the Guild was largely taken by its bazaar and other activities on behalf of the "homes," but it is not difficult to see in the programmes of the branches and the Guild annual meetings that the Guild was gradually interesting its members in more definitely co-operative and citizen subjects than had engaged the attention of the groups of women who had met before the Guild was established.

Irish Co-operative Women's Guild.

The national organisation was not established until 1906; but, as we have already remarked, the Scottish Guild recognised the Irish district when it organised districts in 1901. Before this date, however, one or two guilds existed in Ireland. The City of Derry had one during the '90s, and it was the first Guild in Ireland, branches being formed in Belfast and Lisburn in 1898 and the immediately succeeding years.

CHAPTER XVII.

AGRICULTURAL CO-OPERATION.

Notwithstanding the many hours spent by the early congresses in discussing ways and means by which Co-operation, now a proved success in distribution and manufacture, might be extended to agriculture, results, apart from formal resolutions, were trifling. At Assington in Suffolk two small societies of labourers, assisted by advice and a loan from Mr. Gurdon, the squire, farmed between them 350 acres with considerable success from the 1830's until 1876 when the depression set in. Profit-sharing with labourers in several different forms had been attempted by Mr. J. Lawson at Blennerhassett in Cumberland since 1864. A few other co-operative farming experiments were made, chiefly in the Midlands, but could not thrive in face of the depression. Here and there a store might venture to rent or purchase a small farm for grazing or dairying. E. O. Greening's Agricultural and Horticultural Association, established in 1868, which sold reliable seeds and fertilisers at fair prices, attempted to combat the flagrant adulteration and profiteering of the trade in agricultural requisites. These made the sum total of co-operative achievement in agriculture. Few people had yet realised that before Co-operation could be extended to agriculture, agriculturists had to be brought to Co-operation. Farmers, whose daily work tends to make them individualists, are no readier than other men to adopt Co-operation when they can prosper without it. British farmers were not ready for Co-operation until they had exhausted every other means of making headway against the great agricultural depression which set in during the last quarter of the nineteenth century. Even so, the Agricultural Co-operative Movement in the British Isles owes its existence to devoted pioneers who won the farmers' confidence, convinced them that Co-operation was necessary to successful farming, and guided their first attempts at co-operative organisation.

British Agriculture and World Competition.

Most of the causes of the decline in British agriculture which followed a period of prosperity in the middle of the nineteenth century may be grouped under the head of foreign competition. Since the repeal of the Corn Laws the British farmer had been unprotected against the competition of the foreign grain grower. So long as his competitors were chiefly European he did not suffer. But as the population of the United States moved westward the virgin prairie became settled and cultivated. The railway and the steamship brought the grain so cheaply raised to European markets, depressing the price in years of abundant harvest and preventing it from rising when the European harvest was meagre. Corn growing ceased to pay, except on the most favoured soils. The area of land tilled for corn in England and Wales shrank from 8¼ million acres in 1871 to 5¾ million in 1901, while pasture

increased from 11¼ million to 15¼ million acres. British farmers were adapting their work to the new conditions with what speed they could, and stock-raising and dairying were displacing corn, when the invention of the refrigerator dealt them a second blow. The ranches of Texas and the Argentine, the sheep-runs of Australia and New Zealand could henceforward raise stock for the London meat market. English beef and mutton had to be sold in competition with frozen meat. Imported mutton increased from 181,000 cwts. in 1882 to 3½ million cwts. in 1899. Nor was this all. The invention of the centrifugal separator in 1879 marks the beginning of the era of scientific butter production. While the farmers' wives of Britain and Ireland were still making butter by hand the Danes and the Dutch, through studious attention to the requirements of consumers and the organisation of co-operative societies to manufacture butter in properly equipped creameries, captured the English market. Extending the same methods to bacon-curing and egg collection the Danes became the principal suppliers of the English breakfast table, teaching the English and Irish farmers the lesson that good prices depend upon absolute reliability in the quality of the produce delivered.

But the majority of the farmers in the British Isles were prevented for many years from learning this lesson. Between them and the consumers of their produce stood a regiment of middlemen, many ranks deep. Farm produce was sold in small lots to travelling higglers or to village shopkeepers, and by them sold again to other dealers, and so passed by a long and roundabout process, with much unnecessary handling, to the shops and markets of the great cities and industrial regions. Irish bacon might even cross to Liverpool or Glasgow and return again to be finally sold in a shop in Belfast or Dublin. With so many middlemen seeking profits, consumers might easily pay more and the farmer was almost always paid less than was fair. The farmer, selling perishable goods in small quantities and not too well informed about markets, was compelled to accept the middleman's prices. What was worse, his ignorance of the rising standards set by consumers meant the low grading of his produce, continued low prices, and defeat at the hands of his foreign competitor. For similar reasons also his costs were high. The dealers from whom he bought his seeds, fertilisers, feeding-stuffs, and implements charged him high prices for inferior qualities. He was not accustomed to keeping proper accounts or such records as would enable him to tell the good from the indifferent milkers among his cows. Agriculture in other countries was being revolutionised as the workshop had been a hundred years before. Guesswork and rule of thumb were being abandoned for calculation and measurement. The British farmer was exposed by free trade to world competition, against which only those who knew how to reduce costs by employing scientific processes could hope to stand, and he, thanks to his country's neglect of her rural schools, had only vague ideas of science, little notion of the changing economics of his own industry, and a thorough contempt for education.

Royal Commissions were appointed in 1879 and again in 1893 to inquire into agricultural distress. Out of their recommendations grew the Ministry of Agriculture and various forms of State help such as rating relief. Poultry keeping, fruit and flower growing and other types of enterprise, which had formerly played a small part in rural economy, came into favour as less risky alternatives to the production of corn and meat. Agricultural economists and politicians began to talk of smallholdings and of giving intensive labour a chance to succeed where intensive capital had failed. The study of continental agriculture was leading British observers to the conclusion that State aid, better rural education, and a reform of the system of land tenure would be unavailing without co-operation on the farmers' part, when a striking demonstration of the power of co-operation was provided for them nearer home by Horace Plunkett and his friends in Ireland.

The Irish Agricultural Problem.

Ireland, like all European countries, felt the effects of world competition, but she had in addition her own agrarian troubles. In spite of her rich natural resources Ireland was poor, and her population declining. Her land was chiefly in the hands of absentee owners on whose behalf middlemen rent collectors rack-rented the farmers by a system of yearly leases. No flourishing manufactures existed, except in the north, to absorb the surplus country population. Notwithstanding constant emigration, rents remained high because land was so much in demand, while the numbers of people in commercial occupations were unduly swollen. In the centre of Ireland were vast tracts of good arable land, virtually empty of human beings, and populated by herds of cattle. Grazing is the easiest type of farming in such a climate as Ireland's, and the safest, for it requires comparatively little labour. But as a result, overcrowding was aggravated elsewhere, especially in the mountainous west where such smallholdings as could be reclaimed from bog and rocks were not enough to support a family in decent comfort. In the congested districts people starved if the potato crop failed; if, during a wet summer, they could not dry their turf, they had no winter fuel. Small wonder that in these straits the people turned to borrowing. But, once in debt to the village general dealer, usually also publican and moneylender, they could scarcely hope to get free, and their children had to leave home and work all the summer in the fields of Scotland and England to earn some of the interest on the debt.

For fifty years Irish land legislation presented English statesmen with thorny problems. After attempting at first to secure fair treatment for the tenant, they sought from 1895 onwards to avoid the conflict between landlord and farmer by assisting the tenant to become a proprietor. The Wyndham Act of 1903 made Ireland a country of peasant proprietors. The work of developing rural industries and finding new homes for the surplus population of the congested districts had been entrusted since 1891 to a special board. Acts of Parliament were certainly necessary in order to reform the land system, but were no

The Irish farmer could be no more prosperous as proprietor than as tenant until he had modernised his business and freed himself from debt. His only means of doing so was by Co-operation ; while he remained an individualist, freedom and competence would be for ever beyond his reach.

Irish Co-operative Pioneers.

This was the truth which Horace Plunkett was the first to perceive and proclaim. As a young man he had been sufficiently interested in Co-operation to found a store in his native village, Dunsany. Returning to Ireland in 1888 after some years in the United States he was more than ever certain that Ireland needed Co-operation. An Irish Exhibition held that year in London gave him an opportunity of gaining the support of the Co-operative Union which, after two visits to Ireland by J. C. Gray, formed an Irish Section and voted money for co-operative propaganda. On taking a close view of his task, Plunkett perceived that the co-operative store was not the type of society needed for pioneer work in Ireland. The Irish farmer's first need was a larger and steadier income. Afterwards he might consider how he could economise in spending it. Before he could buy he must learn to sell co-operatively. Hence Plunkett began to advocate co-operative creameries, and after 50 fruitless meetings succeeded in 1889 in founding the Drumcollogher Co-operative Creamery Society. During the next five years, with the help of R. A. Anderson, Father T. A. Finlay, Lord Monteagle, and others he established over 50 creameries, 10 societies for the joint purchase of farm requirements, and the first credit bank. These three types of society which were not found previously in the British Isles, need some description.

Types of Agricultural Co-operative Society.

The Drumcollogher Co-operative Creamery Society was not a copy but an invention. Co-operative creameries had existed in Denmark since 1882, but Plunkett learnt nothing from them until after he had invented his own type. He grasped the principles underlying the constitution and business methods of the Rochdale store, and worked out their application to a society intended, not to buy for its members and distribute to them, but to collect from its members and sell on their behalf. A dairy society is formed, just as a store is, by a number of persons who agree to take out shares in it. Usually their liability is limited and they register their society under the Industrial and Provident Societies Act. Often the shares are not paid up in full, but the society borrows from a bank the capital necessary to acquire a building and equip it with dairy machinery and plant. The members bind themselves to supply the creamery with all the milk yielded by their cows, except the small amount required by their own households, and usually take the milk to the creamery or to a collecting station in their own carts. Upon arrival the milk is measured and a sample is taken to be tested for butter-fat content, which is the basis of payment.

It would be clearly unfair to pay on the quantity only and to disregard the quality of the milk. Moreover, butter-fat is all that the creamery needs from the milk, which, after the cream has been separated from it, is returned to the members and used by them in feeding pigs and calves. Members are paid fortnightly or monthly for the milk which they supply, the price per gallon depending, of course, upon the price that the creamery has obtained for its butter. The accounts are balanced every twelve months and any profit made will be assigned to a reserve fund, to repayment of bank loans, and to dividend on members' sales to the society. The members have one vote each and control the society through a committee of management elected from among themselves. Work in the creamery is directed by a manager who should be an expert in butter-making and is usually expected to be also an alert and skilful salesman.

The agricultural supply society much resembles a store in constitution, although its methods of working may be very different. Its working capital is frequently provided, not by its own members, who will pay up perhaps no more than half a crown or five shillings on every £1 share, but by bank loans and credit from the firms that sell to it. In the early days, when the enmity of the retail trader was to be feared, supply societies avoided trade in anything but fertilisers, seeds, oil-cakes, and other fodder, coal, oils of various kinds, machines, and farmers' ironmongery in general. A supply society is usually so managed that it sells at prices only a little above cost, since the members prefer low prices to dividend on purchases. Most of its sales are not for cash but on credit, for its members' incomes vary with the seasons. In recent years the supply society has been compelled, by the insistence of the farmers' wives, to stock groceries and household requisites. Nor is it unusual for it to market eggs, bacon, potatoes, honey, and other produce on its members' behalf. For these reasons it has become commonly known as a "general purposes" society.

The credit societies are formed on the plan first devised in 1862 by F. W. Raiffeisen, the great pioneer of agricultural co-operation in Germany, and in Ireland are thus not a native but a transplanted co-operative growth. Their purpose is to enable farmers to borrow money at reasonable rates of interest for short periods, such as the few months between sowing and harvest, or the time required to fatten store cattle. The farmers borrow from the society in order to buy seeds, fertilisers, livestock, or machines and repay with interest when their crops or stock have been marketed. The money the society lends is usually obtained from a joint-stock bank, its members undertaking joint and several liability for its repayment. Members who apply to the society for loans are required to state the exact purpose for which they borrow, and it is the duty of the committee to refuse applications when they believe that the borrower is not likely to employ the loan in such a manner that he will be able to repay the principal and interest and make a profit for himself. The committee, and indeed all the members, have an interest in seeing that the loan is used for the purpose

originally stated, and in helping a fellow-member in difficulty so that his financial troubles do not lead to disaster. These societies are registered under the Friendly Societies Acts. Their value consists in the fact that they enable their members, who, as small farmers, would individually apply in vain to a joint-stock bank, to raise capital on their collective security, and so avoid recourse to the moneylender, the "Gombeen man" whose high rates of interest at one time used to weigh them down with a crushing and irremovable burden of debt.

The I.A.O.S. and I.A.W.S.

The opposition of private trade, political prejudice, and the ignorance, timidity, and hopelessness of the peasantry themselves made the establishment of the first few societies enormously difficult. But when their success was no longer in doubt the demand for the services of Horace Plunkett and his associates rapidly outgrew their resources in time and money. Plunkett desired to see in Ireland an advisory and progandist federation like the Co-operative Union, as a means by which the agricultural societies might procure expert guidance and advice for themselves. As yet, however, his societies were too young, poor, and scattered to form one. He therefore appealed to the general public for funds, and in 1894 founded the Irish Agricultural Organisation Society. This society, which depended at first on private subscriptions and was later aided by Government grants, was designed to become a self-governing federation when the societies had grown strong enough to maintain it. With the appearance on the roads of full-time organisers employed by the I.A.O.S., the movement passed definitely from the pioneer to the development stage. Unfortunately, a breach with the Co-operative Union and the dissolution of the Irish Section very shortly followed. The Co-operative Wholesale Society had begun to operate creameries in Ireland and took over one or two farmers' creameries that seemed certain to fail. The farmers who supplied the C.W.S. creameries, of course, had no control over them or responsibility for them. Plunkett, who desired not simply that the farmers should prosper in business but that they should be trained in Co-operation and self-reliance by managing their own enterprises, protested against the policy of the C.W.S. which he thought might destroy his work. Failing to convince the Congress of 1895 that he was right, he and the other members of the Irish Sectional Board resigned. The establishment of agricultural societies in Ireland was thereafter left entirely to the I.A.O.S., and the Union contented itself for a time with organising the few stores in Ireland into a conference association. In course of time, besides supplying farmer co-operators with various kinds of technical advice, the I.A.O.S. was able to engage a staff of accountants to audit societies' accounts. *The Irish Homestead*, a weekly paper intended for rural co-operators, began publication in 1895.

Federation for trade had already been attempted by Irish agricultural co-operators. In 1892 the Irish Co-operative Agency Society

a federation of creameries for selling butter, was formed. The Agency Society established its headquarters in Limerick and in due course opened offices in Manchester in order to deal directly with the British stores. Its career has not been altogether prosperous. It overlapped the C.W.S. which since 1866 has been a buyer of butter in Ireland. It was handicapped still more by the disloyalty of the creameries which, instead of giving it a monopoly of the disposal of their output, made use of it only when they could not sell their butter to better advantage any other way. The typical creamery manager of those days secured and retained his post largely on the strength of his reputation as a salesman and cleverness in getting a good price for butter. Centralised selling through a federation would render the manager's skill at haggling as obsolete as the hand churn and remove the main prop of his business reputation.

Schemes for a wholesale agency inevitably followed the successful establishment of local supply societies. The Agency Society acted as a wholesale society for a short time and succeeded in breaking up a ring of manure manufacturers, but when it got into difficulties as a result of attempting to sell barley, a separate agency was judged desirable and set up in Dublin in 1897. After twelve months' experience this agency was transformed into the Irish Agricultural Wholesale Society Limited. The objects rule of the new wholesale society was drafted so as to give it complete freedom to undertake any service that its affiliated societies might require. Beginning with seeds and manures it later extended its dealings to include dairy equipment for creameries, groceries, and household utensils. During its early years, however, development was slow. The agricultural societies, themselves under-capitalised, were unable to capitalise their federation. The federation in consequence never has been a pure federation, but, in order to obtain capital, had to admit individuals as shareholders. These persons hold preference shares and elect a certain proportion of the board of directors. Their participation, though helpful, has at no time made up for the indifference of the societies, which, after having once taken out the required number of transferable shares, neglected to increase their shareholdings as their membership grew, and expected the wholesale society nevertheless to grant them at least as long credit as they granted their own members. In spite of these handicaps the I.A.W.S., thanks to courageous leadership, was always enterprising. It broke up manufacturers' rings in the manure and machinery trade by importing from America, and as a result the prices of guaranteed fertilisers fell by 50 per cent. By making arrangements to have its own seeds tested, it was able to certify them, and to compel private merchants to do likewise. The saving to the farmers under these two heads alone would justify the society's existence.

Extension of Agricultural Co-operation.

The structure of the Irish agricultural co-operative movement

of the I.A.O.S. thenceforward was to increase the numbers and efficiency of the chief types of society, the creamery, the supply society, and the credit association. At the same time it was able to assist co-operative experiments in other directions. One of the more important was the preparation of eggs and poultry for the market. This might be undertaken as a department of a creamery or supply society or by a society formed specially for the purpose. In either event the procedure and the results were the same. Whereas Irish eggs marketed by the individual farmer through the higgler or village shopkeeper reached the consumer ungraded, dirty, broken, and no longer fresh, those collected by a co-operative society were graded, clean (because the dirty ones were refused), unbroken (because they were scientifically packed), and fresh (because they were despatched direct to the retailer or through the I.A.W.S.). The I.A.O.S. engaged a Danish expert to teach Irish co-operators the methods adopted in Denmark and the result has been almost a revolution in the Irish egg trade. Ten years later Co-operation, in the form of bacon factories and slaughter-houses, entered the meat trade. In the north, where many of the farmers grow flax, societies were formed for the purchase of seed direct from Russia or Holland and the operation of scutch mills in which the flax stalk is first treated. The formation of societies of bee-keepers has enabled the members both to get increased prices for their honey and to cheapen the cost of their implements. The I.A.O.S. has also aided the establishment of home industry societies which similarly assist the women who add to the family income by embroidery, lace-making, or knitting, occupations of special importance in the congested districts of the west, where few families can live by farming alone.

What Co-operation was thus contributing to the revival of rural life in Ireland is not to be reckoned alone by the statistics of the number and turnover of co-operative societies. More than any other influence it was making the Irish farmer aware of the world in which he lived and showing what he must do if he wished to live comfortably in it. The creamery and the egg society and their affairs opened his eyes to the existence of the market, the requirements of which he must meet if he was to prosper. Payment on fat content gave him very cogent reasons for improving both his herd and his land. He began to understand the necessity for compiling accurate records and keeping exact accounts. The credit association, by liberating him from the tyranny of the "Gombeen man," gave him his first taste of real independence. At the same time the co-operative society by strictly banning religious sectarianism and political contention united all well-disposed people for the improvement of the countryside. A richer conception of neighbourliness and patriotism thus tended to make the Irish peasant a better citizen as well as a better farmer. And all of these things were in the mind of Horace Plunkett when he took from an American President and gave to the Irish Co-operative Movement the programme of "better farming; better business; better living."

Agricultural Co-operation in England and Scotland.

Besides the achievements in Ireland, England in the year 1900 could put forward no more than a dozen agricultural co-operative societies, with a membership of about 500 and annual trade of less than £10,000. It must be borne in mind that the English farmer was as a rule in a much larger way of business and somewhat better educated than his Irish brother, and quite able to do for himself many things which the smallholder could do only in co-operation. Nevertheless, there were agriculturists in England who believed that there was room for Co-operation in English agriculture, and were willing to learn from Ireland. In 1900 Mr. W. L. Charleton, of Newark, founded the British Agricultural Organisation Society. Next year this society amalgamated with an older propagandist body, the National Agricultural Union. The new society called the Agricultural Organisation Society and, modelled upon the I.A.O.S., established its headquarters in London. The Co-operative Union subscribed to it and had two representatives on its board of governors, and the Congress of 1904 passed a resolution approving of it. It was soon found that supply societies were chiefly in demand and before long these more than outnumbered all the other types. Yorkshire, Gloucestershire, Sussex, and South Wales were the readiest districts to receive agricultural co-operation, but within five years the movement had spread thinly over the whole country. In 1905 a separate Organisation Society was formed for Scotland. A change of government led to an attempt, in 1908, to set up by means of legislation a national system of smallholdings. Co-operation is a necessity for smallholders, and since the Government recognised this fact the work of the Agricultural Organisation Society was encouraged by an annual money grant.

PART IV.

CHAPTER XVIII.

SOCIAL CONDITIONS, 1901—1933.

The great war naturally divides the period covered by this chapter into three unequal parts, but the divisions between them should not be drawn hard and fast. The war was a sudden and violent interruption of most people's normal activity. This fact, however, dwindles in importance with the passage of time. As the war recedes into the past, the constant forces which have operated upon modern social life become easier to discern. Many conditions which were first ascribed to the war are now seen to be the result of changes and tendencies which were at work long before the war, and which the war, so far from suspending, actually reinforced, quickened, and amplified. It is these continuous tendencies and influences operating throughout the period rather than the incidents, however stirring, of troublous times, that are important in co-operative history, and it is with them that the present chapter is chiefly concerned.

Rising Prices and Industrial Combination.

The rise in the standard of living, which had accompanied falling prices in the last quarter of the nineteenth century, continued in the twentieth, although prices ceased to fall and, after a short interval, began to rise. From 1904 onwards the upward movement was unmistakable, if the causes were not then clear. Some economists held that the rise was due to the increased quantity of gold in circulation supplied by new processes from the newly-developed South African goldfields. Others pointed to the growing tendency of business firms to combine and the persistent attempts made by rings, combines, and syndicates to suppress competition and maintain prices. The closing years of the previous century had been marked by the formation of many notable industrial combinations. To take the textile industries as an example, the sewing cotton trust controlled by the firm of Coats was formed in 1896, the Bradford Dyers' Association in 1898, the Calico Printers' Association in 1899, and the Bleachers' Association in 1900. In the same year, several of the great shipping lines, which had already had working agreements, amalgamated. In 1902 the Imperial Tobacco Company, itself a combine, was formed to resist the invasion of British Markets by the American Tobacco Trust. Towards 1910 William Lever (afterwards Lord Leverhulme) drew together the great soap producers into a combination so widespread that the Co-operative Wholesale Society was the only big soap manufacturing concern not included. But for many years already combination and price agreements

had become customary in the iron and steel, engineering, chemical, paper, and cement industries. Even if very few real monopolies were built up by these means, much competition and price-cutting was avoided. Moreover, since many of the commodities controlled by the combines were raw materials or semi-manufactured products, together with the universally necessary service of transport, their costs entered into the price of almost every article bought by the consumers, and the consumers were mostly unconscious of it. Indeed, since the joint-stock form of organisation makes the acquisition of controlling interests, the exchange of shares, and interlocking directorates very easy, consumers were never at any time aware of the lengths to which combination had been carried, and the public often believed firms that were really playing into one another's hands to be competitors.

Rising Standards and Social Legislation.

Whatever may have been the causes of the rise in prices, working people for the time scarcely felt it. Their standard of living was on the whole improving. In many occupations, wages, thanks to more efficient and larger trade unions and the support of enlightened public opinion, were rising and hours diminishing. This was particularly true of shop assistants and office workers who, down to the end of the nineteenth century had remained for the most part unorganised. Moreover, the social legislation passed by the Liberal Government which took office in 1906 made notable additions to the real, as distinct from the money, incomes of working people, although it added to their money incomes as well. Old-age pensions helped to relieve aged poverty. Local education authorities were given power to provide meals for poor children. In due time, the school doctor and the school clinic made their appearance. Severer limitations were placed on the employment of children out of school hours. The evil of "sweating" was attacked by the Trade Boards Act (1909) which provided for the establishment in a number of domestic or semi-domestic trades, chain-making, lace-making, tailoring, and box-making, of Boards empowered to fix minimum rates of wages, and for the punishment by fine of employers convicted of paying less than these rates. Experience soon showed that these trades were able to pay much higher wages than formerly, even though the new minimum wages would not have been considered living wages by members of old-established trade unions. The Coal Mines Act of 1912 applied the same principle to the regulation of the wages of underground workers. In 1911 the Act which set up a national scheme of compulsory health insurance opened a new era in the protection of the health of the wage-earning population.

All these schemes required increased expenditure by national and local governments. Municipalities and other local authorities were encouraged to develop social services by a system of grants from the Treasury in aid of their schemes. The money could only be raised by increased taxation. Since the policy of the Government was to remove or lighten the taxes paid by the poor consumer, an increasing burden

had to be borne by the incomes of the well-to-do. Income tax was more steeply graduated; unearned incomes were taxed more heavily than earned; the State claimed in death duties an ever larger share of the wealth left by the rich to their descendants; an attempt was made to tax the increasing values of landed property. Government was in effect redistributing the nation's income by taking money from the wealthy and spending it on social services of which the poor were the chief beneficiaries.

Fabian Collectivism and the Reaction.

This was the policy of successive Liberal Governments, spurred on by steadily growing Labour representation in Parliament. In the background, was the influence of the Fabian Society whose leaders were engaged in an attack upon the very existence of poverty. The crying need for a revision of the Poor Law gave them their opportunity. In 1909 the Government appointed a Royal Commission on the Poor Law, of which Mrs. Sidney Webb became a member. When the Commission reported, it was found that the majority favoured nothing more than the reform of the administration of the Poor Law, but that the minority, which included Mrs. Webb, desired to break up the whole system and to render it unnecessary by removing the social causes of poverty and preventing destitution. This meant, inevitably, that the problem of unemployment would have to be solved. All the various measures which have enabled the old to retire earlier from industry, for the young to delay entering it, for workpeople to be insured against unemployment, and for workers wanting posts to be assisted to find them by employment exchanges, are part of the Fabian plan of "draining the morass of destitution." These reformers even looked forward to the time when Government would supersede the piecemeal operations of the trade boards and lay down a national minimum of subsistence of which every properly conducted citizen would be assured.

Nevertheless, in the midst of pressing forward this programme the Fabians encountered a reaction which arose not amongst the people who abhorred reform, but amongst some of the most radical of the reformers, many of whom had been their own disciples and supporters. Both their ideals and their methods were challenged. Among the so-called intellectuals enthusiasm for the ideal of Collectivism began to wane. The management of industry by national and local governments, even though they be controlled by popularly-elected representatives, did not always yield the good results anticipated. Control by the politician or the bureaucrat was not always a great improvement on control by the capitalist. Practical trade-unionists, who were seeking concrete results in the shape of higher pay and shorter hours, grew impatient of Parliamentary discussion and the gradualness of improvement through legislation. "Direct action," that is to say, the strike, found renewed favour and Syndicalism became a popular doctrine. Syndicalism, which derives its name from the French word for trade union, had a programme of which the chief points were the complete

organisation of the workers in their trade unions, joint action by the trade unions leading to a general strike which would entail the collapse of capitalism, the reorganisation of industry by the trade unions transformed into co-operative productive federations. Many leaders of the newer trade unions distrusted the politicians and resented their intervention in Labour disputes on the ground that they turned potential victories into irksome compromises. The period of trade revival after the slump in 1908 was marked by titanic struggles, national in extent, between the Railwaymen's, Transport Workers' and Miners' Unions and the corresponding federations of employers. This situation brought into the field a new school of thinkers, the Guild Socialists, who stood midway between the Collectivists and the Syndicalists, and aimed at reconciling the Collectivist idea of community control of industry with the Syndicalist idea of self-government for the workers. The Guild Socialists desired to vest the ownership of land and the instruments of production in the State, but the management of industry was to be handed over to a score of great productive federations or guilds, united in a guild congress as powerful in industry as Parliament was in the sphere of government. The Guild Socialists held the field for about 15 years but were more successful as destructive critics than as constructive thinkers. Neither their propaganda nor their practical work survived the depression which followed the War.

Economic Consequences of the War.

The tremendous national effort put forth during the war was in its economic aspect a great experiment in Collectivism. Where private enterprise did not in fact break down under the strain imposed upon it, as it did in the munition industry, it was often set aside as untrustworthy. The Government assumed the entire management of the railways, shipping, transport, mining, and the manufacture of munitions, eliminating competition and welding the industries into national wholes. In the national emergency, vested interests and other obstacles which in peace time would have proved irremovable were simply erased by a stroke of the pen. The Government prohibited certain kinds of manufactures, stimulated and subsidised others, rationed raw materials, fixed prices, regulated imports and exports, controlled new share issues, and forbade the export of capital. The gold coins were called in and notes substituted for them. Government became an importer of certain commodities, notably grain and meat, and boards of commissioners were set up to control the stocks, and local committees to supervise their distribution. Many industries, such as agriculture, which were not under direct Government management, were very strictly regulated.

By thus becoming the nation's largest employer, Government had to encounter and solve a host of labour problems. It had to persuade the trade unions to relax some of their most vital rules in order to allow the "dilution" of skilled workers on war work by the rapidly or partly trained. The unions in return gained in authority

by being recognised as the proper representatives of the workers. The rising cost of living entailed frequent negotiations about wages, and ultimately some kind of system was evolved whereby wages came to be regulated with reference to the cost of living, the basis being the physical requirements of the average efficient worker. The importance of these problems led in 1916 to the establishment of the Ministry of Labour. The system of regulating wages by trade board received a great extension in 1917 when the Corn Production Act, which gave a subsidy to wheat-growing farmers, set up county wages boards to fix minimum wages for agricultural labourers and so gave that down-trodden class four years of moderate prosperity. There were also advances in a Syndicalist direction. Trade union membership grew during the war from five to eight millions. Working people were keen to realise that their services were indispensable, and although intent as a body on winning the war, were quick to resent any infringement of their rights and to extend their privileges if they could. In particular they successfully asserted their right to appoint their own workshop representatives or shop stewards, through whom they could voice their complaints or opinions if need arose. The war for five years banished the spectre of unemployment. It was to return with undiminished terror in due time. But with the able-bodied men called to the colours, separation allowances for their dependants, and unlimited opportunities of war-work for women, girls, and boys, family incomes were often considerably increased and the standard of living, except for the shortage of imported commodities, tended to rise. Unskilled workers, especially, benefited by having their wages regulated by the cost of living, and in those occupations not subject to foreign competition have since retained most of the advances that they then gained, in spite of falling prices.

It was in the protection of the consumer, however, that war-time collectivism was seen in its extremest forms. Early in the war, panic amongst consumers had provided traders with opportunities of charging high prices, and as the shortage of imported foodstuffs began to be felt more and more, and prices went steadily upward, the public's suspicion of the traders deepened, and the term " profiteering " came into general use. By 1917, the system of commissions for the control of supplies was clearly inadequate, and Government appointed as Food Controller the head of a firm of wholesale provision merchants whose period of office was as unpopular as it was short. Under his successor, Lord Rhondda, the situation was taken in hand. Local food committees saw that the food orders were enforced, commandeered stocks, and ensured equitable distribution. A Consumers' Council composed of representatives of the trade unions, the Co-operative Union, and the two Wholesale Societies, and various other bodies inquired into the working of the system and kept the Food Minister in touch with public opinion. In 1918, compulsory rationing of food and fuel was introduced step by step as the submarine war disorganised British shipping. Without tickets people could obtain no meat, butter, margarine, sugar, or jam. Yet,

as the result of appropriate scales of rationing, many classes of the population, according to competent observers, had never before been so well nourished. The extension of welfare activities, especially amongst war-workers, was also responsible for maintaining physical fitness.

In short, the organisation of national life for war was a striking demonstration of what could be achieved given the will, and in the mood of ardent resolve thus engendered, people began to look forward to an attack upon old abuses after peace had been made, and to the creation of an England worthy of the citizens who had suffered for her. In this mood, a Ministry of Reconstruction was set up in order to frame plans for reorganising national life after the war. In the midst of the war a Representation of the People Act enfranchised almost every adult man and millions of women over 30 years of age. In 1918, a great Education Act was passed, although the enforcement of its provisions for raising the school-leaving age and compulsory continuation schooling was postponed. The discoveries of military doctors about the national physique awakened new interest in public health and the creation of the Ministry of Health was the consequence. A large-scale attack on the housing problem was planned but never carried out. An attempt was made by means of an Industrial Courts Act to bring reason into the solution of industrial conflicts.

The Post-War World.

Economic depression, war's inevitable consequence, was a little delayed. In 1919 and 1920 arrears of work from the war years and the abundance of money caused a minor boom. Prices still climbed, until the cost of living was over two-and-a-half times as high as in 1914. The fall was all the more catastrophic when it came. In the first six months of 1921 the index figure of wholesale prices fell almost 50 points. Every firm carrying large stocks of goods lost heavily. The check to industry caused unemployment figures to mount to over two millions, the army of unemployed being swollen by the ex-Service men and discharged war workers. Wages followed prices downwards in spite of obstinate resistance by the trade unions and widespread stoppages of work. The coal miners were idle in 1921 from the spring until far into the autumn. Agriculture, once more exposed to foreign competition and with no subsidy, relapsed into its former coma. The cotton industry, its capital values inflated by speculation during the boom, leaned heavily on the banks. Engineering and shipbuilding, in a world for the time glutted with their products, found nothing to do. There was no plan, no programme, for meeting this crisis. The Ministry of Reconstruction had been the first of the war ministries to be scrapped.

Recovery was slow, piecemeal, and interrupted by grave relapses like the mining dispute of 1926. The economic provisions of the

Germany for a war indemnity forced her to expand her export trade in order to pay it, and with her depreciated currency she became a most formidable competitor in the world's markets for manufactures. The delivery to France and Italy of reparations in kind, chiefly coal, destroyed British coal export trade which in 1929 at last began to revive. When for the sake of British credit, Government decided to reduce its borrowing, balance the Budget, and pay the American war debt, it placed on British citizens a burden of taxation heavier than that borne by any other nation. The banks, in their endeavour to restore the pound sterling to its old parity with the dollar, restricted credit, forced prices down, and so delayed industrial recovery. Only by slow degrees did people come to realise that they had not to aim at the impossible goal of restoring the world of before the war, but at adapting themselves and their business to a world of which some features were entirely new. Great Britain in the world after the war no longer enjoys her old unrivalled supremacy. She is overshadowed by America and challenged by many industrially younger nations. She has lost some of her markets for ever. Old customers have even become new competitors. Forced back upon their own resources during the war, these nations still wish to be self-supporting, and like India and Australia, protect their infant industries by means of tariffs. Moreover, their industrial leaders, witness the Japanese, have no old traditions to prevent them from applying the most modern scientific ideas, while their workers are accustomed to a lower standard of living than the British working man. The continuance of a high standard of living in Britain depends upon the reconstruction of her industrial system. This is possible, but it will certainly be painful, and is not likely to be rapid. The coal and metal industries which were expanded during the war will have to be reduced. The iron and steel industries are reconstructing their organisation along more rational lines; cotton is slowly following suit; but the coal industry has had to be spurred by legislation. Even so, no adequate scheme has yet been found for the useful employment of the unwanted miners, steelworkers, and cotton operatives. Ten years after the war and five years after the return to the gold standard the country was still waiting for a clear programme of national reconstruction. There was a spontaneous development of new industries in the south and east and a steady drift of population southward, but no one believed that these new industries—automobiles, gramophones, electrical apparatus, and artificial silk—would replace the great staple industries of the north.

World Depression.

With the Wall Street crash in 1929 began a period of economic depression which rapidly brought these unsolved problems to an acute stage and led eventually to drastic changes in British economic policy. Britain's export markets contracted still further as the trade paralysis spread; her income from foreign investments dwindled, and her balance of payments became unfavourable; the drain of gold in the summer and autumn of 1931 forced her to abandon the gold

standard. Unemployment increased amongst insured and uninsured workers alike. As in previous periods of depression, the demand for protection revived and, assisted by the change from a Labour to a National Government and the policy of economic nationalism pursued throughout the world, acquired irresistible force. After abandoning the gold standard Great Britain abandoned what remained of free trade, and thereafter sought to preserve her home markets for her own producers, both industrial and agricultural, while endeavouring to bargain, first with the Dominions and later with foreign countries, for the privilege of sending her exports into their markets, either in assured quantities or under favourable conditions, in return for the admission of limited quantities of their exports into Great Britain. Tariff and quota systems were by no means the only forms of State interference with economic enterprise. The wheat growers, like the sugar beet growers, were helped by a subsidy collected, not from the tax payers, but from the consumers of bread, through the millers. Acts of Parliament in 1931 and 1933 introduced a new system of agricultural marketing controlled jointly by the producers and the State through a series of boards, while attempts were made by artificial restrictions on imports to bring about a rise in the prices of foodstuffs for the benefit of the home farmer at the consumer's expense. Profit-making interests secured the ascendancy in every department of social and economic policy. The consumer's interests signified nothing. Under pretext of rectifying an injustice done to traders, the Budget of 1933 broke with the practice of 70 years by making the undistributed surpluses of co-operative societies liable to income tax. Wage rates, notably of railway and transport workers were attacked. The unemployed workers who had exhausted their claim to insurance benefit and needed further assistance were subjected to the means test. The great scramble for self-preservation amongst business interests of all kinds only intensified the economic struggle between nations which, unrelieved by the appearance of any sense of mutual obligation or principle of order, brought the danger of war steadily nearer. While the Government refused to stimulate recovery by large schemes of public works, the City of London waited for times to mend in the belief that the unending cycle of boom and slump must run its course, and that the certain evils of widespread unemployment and the lower standard of living were preferable to the risks of inflationary methods of raising price levels. The World Economic Conference of 1933, welcomed with universal scepticism, demonstrated the impotence of world statesmanship and the intellectual bankruptcy of the capitalist world.

Meanwhile, the movement for restoring industry to efficiency on modern lines is confused with the tendency to combination which has resumed with increased strength within the last six years. Scarcely a commodity in daily use but is now subject to regulation as to its supply or price or both, by some trust or cartel, and many of these are now no longer limited by national boundaries but form part, like the margarine

the market of raw materials but controls the manufacture and organises the retail sale of the finished product and may even, like the former Swedish-American match trust, acquire monopolies of big markets by lending money to necessitous governments. But these great industrial concerns are themselves dependent upon finance and their policy is shaped by the great banks and financial houses. In its latest as in its earliest forms, capitalism is animated by the desire for gain by investment. The great combine is the last link of a chain which stretches back to the Industrial Revolution. The dominating fact of the post-war world is that the great economic problems are world problems to be finally and satisfactorily solved by international action. Solution along the lines of international cartellisation and trustification will, in the long run, satisfy only the great capitalists. Over against them, defending the public interests, may be placed the joint action of governments, focussed more and more through the Economic Committee of the League of Nations and the International Labour Office, and the voluntary organisation of consumers and producers in the International Co-operative Movement. Compared with capitalism these are new, untried, undeveloped, but their possibilities are enormous. The Co-operative Movement, because its business ramifications are now world wide, has a great contribution to make to the great problem of utilising the world's resources for the benefit of the common people of the world.

CHAPTER XIX.

INDUSTRIAL AND COMMERCIAL PROGRESS OF THE MOVEMENT SINCE 1900.

The Great War of 1914-1918 occurred half way through the period covered by this chapter, and makes a dividing line in more senses than one. The period before 1914 links naturally with the 19th century; but the post-war period presents us with the picture of a movement different in many respects from that of the movement in pre-war days. Some of the changes can not be recorded in statistical form, but they have been vital, and in this chapter an attempt will be made to describe them along with those that can be so recorded.

RETAIL SOCIETIES.

In 1900, there were 1,439 retail societies covered by the statistics compiled by the Co-operative Union. At the end of 1914, a few months after the outbreak of war, there were still 1,385 ; but at the end of 1930 there were only 1,210, and two years later only 1,171. This decline in number of societies was not due to the failure of societies, but to greater concentration resulting from the propaganda in favour of amalgamation and the growing feeling that such greater concentration was essential if the movement was to be successful in its combat with the more highly-developed capitalistic forces of post-war years. That the reduction in number of societies was not due to declining faith in Co-operation is demonstrated by the figures of membership. The 1,439 societies of 1900 had only 1,707,011 members, the 1,385 societies of 1914 had 3,053,770 members—nearly double the membership of 1900—whilst by 1930, this membership had almost doubled again to 6,402,966 in 1,210 societies, which by 1932 had risen to 6,760,432 in 1,171 societies.

Membership.

As membership increases faster than the growth of population, the field available for further recruitment naturally shrinks, yet the average annual increase of membership, as the above figures show, was twice as great between 1914 and 1930 as between 1900 and 1914. The growth of membership combined with the reduction in number of societies between 1900 and 1930 resulted in an increase in the average number of members per society from 1,186 in 1900 to 5,292 in 1930. But averages are *frequently misleading, and those quoted mask an important* feature of post-war developments, viz., the evolution of the very large society. Whilst, in 1900, the largest retail society had only 48,000 members, and the largest in 1914 had only 47,967, there were 18 societies in 1930 with more than 50,000 members, and the largest six societies had a membership ranging from 86,417 to 394,139 (109,331 to 459,645 in 1932). The problems of the post-war movement are therefore largely problems of large-scale organisations rather than of small and struggling societies, although the existence at the end of 1930 of 505 societies with a membership of less than 1,000 each shows that small society problems are not yet a thing of the past. Nevertheless the concentration of membership in a smaller number of societies and the evolution of the

large society have had, and are having, their reactions in the national organisations such as the Co-operative Union and the Wholesale societies, as will be seen when it is pointed out that at the end of 1932, the membership of the 72 societies with more than 20,000 members represented 54 per cent of the total membership of the 1,171 societies.

The account of membership would not be complete without some reference to its relation to population. Population has continued its annual increase, but at a less rapid rate since the war, and is moving towards a stationary figure. The increase has been due principally to the extension of the duration of life, largely owing to improved health conditions and medical services, for the birth rate has fallen. As a result, a larger proportion of the population to-day is of adult age than was the case in 1900—despite war losses; and this change favours an increase of co-operative membership in relation to total population; but real growth of co-operative membership is nevertheless indicated by the increase from 4.3 per cent of the population of Great Britain and Ireland in 1901, to 13.4 per cent in 1931. Some of the increase of membership is no doubt due to the extension of open membership; but, as the figures of trade and employment show, this only explains a small part of the increase. Even if consideration is given to open membership, and if Ireland is excluded because of the existence in that country of types of society not included in the Union's statistics, it is clear that when allowance is made for the families of members, at least one half of the population of Great Britain was connected with a retail distributive society at the end of 1931. And membership continues to grow faster than population. From 1901 to 1911 the percentage relationship to population increased by only 1.5 per cent (from 4.3 to 5.8), from 1911 to 1921 it increased by 2.7 per cent, and between 1921 and 1931 it increased by 4.9 per cent.

For the rapid increase of membership in post-war years the circumstances of the war years with their shortage of supplies and high prices due to profiteering by those who controlled supplies were partly responsible; but other factors such as the greater impressiveness of a large movement have also contributed to it. London and some other cities were in pre-war days often described as co-operative deserts; but this statement can not be made with truth of any large city to-day. Indeed in London, Birmingham, Liverpool and Bristol, despite the fact that amalgamations have contributed to the present size of the societies in these cities, the growth of the societies from the accession of new members since the war has been phenomenal; and the four societies in London have now, jointly, a membership of approximately one million, which was the total membership of the movement forty years ago.

It is not only in regard to membership and size of societies that the Co-operative Movement of post-war years differs from that of pre-war days. Membership is only the beginning of a series of developments of which the most important are capital accumulation, trade, production, employment, the development of wholesale trading activities and the control of raw materials and sources of supply.

Share Capital.

The capital of retail co-operative societies is both a cause and a result of co-operative development. It is a cause of such development since capital is essential to the undertaking of trading activities; and it is a result since a considerable portion of the interest and dividends which result from these activities is added by members to their share capital balances. In 1900, the total amount of share capital held by members of retail societies was £20,566,287. It had increased to £39,537,049 by 1914; but by the end of 1930 it had grown to £112,957,896 This rapid increase in post-war years proceeded at a greater rate than the increase of membership, so that the average share capital per member which was £12.05 at the end of 1900, and £12.96 at the end of 1914 was £17.64 at the end of 1930. This increase is important in relation to co-operative development even when it is recognised that the £ has to-day a lower purchasing power than it had in pre-war days: perhaps, for that reason, it is more important. Although it is clear that the Co-operative Movement will require all the capital its members can provide if it is to realise its complete programme, the problem which faces British consumers' societies is not shortage of capital but openings for its co-operative employment which committees of societies think attractive. Of their total capital resources (Shares, Loans and Reserves) retail societies employ less than one half in their own undertakings. A considerable amount is invested by them in the wholesale societies and other co-operative federations, district and national; but both retail and wholesale societies invest large amounts in government and municipal stocks, and except for the amount which every trading concern must keep in a quickly-realisable form to meet emergencies that may arise, most of the amount is available for co-operative developments when co-operative enterprise undertakes them. The problem is not a new one. As early as the '60s—within twenty years of the establishment of the Rochdale Pioneers' Society—societies were commenting upon their "surplus" capital; but the magnitude of the problem is to-day greater than ever; and it calls for the earnest consideration of all co-operators.

Retail Trade.

Whilst share capital increased by 1930 to $5\frac{1}{2}$ times the amount in 1900, retail co-operative trade increased to only four times the 1900 figure during the thirty years—from £50,053,567 to £217,318,001. In making comparisions of figures to ascertain trade progress we are on uncertain ground, for prices have changed frequently and on some occasions rapidly, so that £100 of sales in any selected year after 1900 does not represent the same quantity of goods that £100 of sales in 1900 did. Prices were rising gradually up to 1914, and the trade of £87,978,898 in 1914 does not represent a 74 per cent increase in quantity over 1900, as the figures would suggest. During the war years, prices rose rapidly, and considerably, and before the big fall in 1919-1920 the index number of retail prices was about three times that of 1914. Retail co-operative sales reached their peak value in 1920 at £254,158,144, since which date they have both fallen and risen according to the

to date (1934)—and the increase in the quantity of goods sold. In some years the fall in prices has outweighed the increase in quantity sales, whilst in other years the reverse has occurred; but it is safe to say that the sales in 1930 amounting to £217,318,001 (and the smaller sales in subsequent years) represent a much larger quantity of goods than the higher figure of 1920.

The quantity sales of retail societies increased during the century —particularly after the war—for a variety of reasons. The expansion of membership is the principal reason, but this has been accompanied by a widening and development of activities. As societies grow larger, it becomes possible for them to open new departments with prospects of success that do not exist when the societies are small; and this is demonstrated by the departmental statistics compared with those of 1900. Social changes, such as the continued abandonment of home-baking and laundrying, have also widened the opportunity for the extension of co-operative trade; and the modern and efficient equipment and organisation of co-operative bakeries and laundries has enabled co-operative societies to secure an ever-increasing proportion of the trade available for them. Outside the large cities, milk was formerly sold direct by farmers to consumers; but the extension of town areas has absorbed many farms and much grazing land, so that consumers to-day usually buy milk that has been handled by dealers who have gone far afield for their supplies. In recent years co-operative societies have taken advantage of this change and have established fine dairies for the pasteurising of milk with the result that an appreciable proportion of the country's sales of liquid milk is organised by retail distributive co-operative societies. The co-operative sales in dairy departments in 1932 amounted to £12,300,000, and they have since been substantially increased.

Trade has also increased in drapery, boot and shoe and outfitting departments—termed in this country dry-goods departments—and in furnishing departments. This increase, also, has been largely due to the growth of membership and to the concentration of membership in a smaller number of societies, since large societies can more successfully organise these departments than small ones; but other factors have contributed, particularly in post-war years. Notable among these other factors is the development of hire-purchase,* and of mutuality

* Hire purchase is confined to furniture and allied goods. In the case of hire purchase the purchaser makes a deposit when the purchase is effected and enters into an agreement to pay the balance of the purchase price (which is generally higher than that paid by a cash purchaser because of the interest on the unpaid balance) by regular instalments—usually at intervals of a month. Although the goods are in the possession of the purchaser they do not become his property until all the instalments are paid; and if the purchaser fails to observe the terms of the hire-purchase agreement, *e.g.*, in regard to payment of the instalments due, the seller has power to recover possession of the goods. Since hire purchase enables a person to obtain the use of goods before he possesses the full purchase price—an amount he may never have if it depends upon his saving it—it leads to increased sales of goods available by hire-purchase methods. The seller thus benefits from increased trade and the purchaser finds it more convenient to pay many small amounts at regular intervals rather than one large amount, and in the meantime can enjoy the use of the article he buys.

clubs* and other time clubs, as well as the extension of the practice of giving credit in the ordinary way.

It is claimed for the clubs that they bring new members to the societies organising them, enable members to secure goods they would never be able to obtain if they had to save for them before buying them, facilitate regular weekly appropriations for expensive goods, secure trade that would otherwise be missed and give the purchasers better conditions than other instalment traders provide, thus rendering to purchasers a service which is particularly valuable to the poorest members of the community.

Mutuality club trading prevails in the Drapery, Boot and Shoe, Outfitting and Furnishing departments, and has undoubtedly brought a considerable addition to the trade of many societies : in some societies one half of the trade in some departments is mutuality club trade.

The same prices are usually charged for both club trade and cash trade, and in reply to the criticism that this penalises cash purchasers, advocates of the club claim that the additional trade secured by the clubs reduces the overhead expenses per £ of sales and that no additional burden is thrown on cash customers.

* The term "mutuality club" is somewhat misleading since there is no special mutuality among those who use such a club as a medium of purchase, nor is there present any element of a "club" as that term is usually understood. It is, however, a development from the club system that has existed in some co-operative societies for many years. In the earlier clubs, members of the society agreed, on joining a club, to take up one or more shares of the value of 10s., £1, or some other fixed amount, and pay a fixed sum—usually 1s. per week—upon each share until it was fully paid. In some cases, the members were not allowed to have goods until their shares were fully paid, and in these cases the clubs were virtually savings clubs. In other cases a weekly "draw" for a certain number of shares took place and the fortunate member (or members) was allowed to have goods to the full value of the number of shares for which he had been successful in the ballot, but he continued to pay his instalments until his shares were fully paid. The weekly amount subject to the draw was the total amount received by the society for instalments during the week, so that the society each week received cash equal to the value of the goods it gave out. A fortunate member might thus receive his goods during the first week of the club's existence and the least fortunate ones during the last week ; and although some members were in debt for goods received until the end of the club, the society's cash receipts from the club were always at least equal to the value of goods they handed out.

Clubs of the original type are still organised by some societies ; but in the Movement as a whole they are overshadowed in importance by the new type of organisation—the mutuality club. Members of a mutuality club can take out a club card and begin purchasing at any time. A member on joining applies for a number of £1 shares, the maximum number permitted to any member being usually regulated according to the amount of his share capital or his record as a purchaser in order to prevent abuse of the system and the society's credit. For each share he pays 1s. per week, and after he has paid a specified number of instalments—usually three—he is allowed to have goods to the full nominal value of the shares he has taken out, but continues his payments until the shares are fully paid. Most of the societies organising mutuality clubs appoint collectors who, besides collecting the weekly instalments, canvass for new members and, incidentally, frequently undertake a little propaganda for their society and the Movement in general. They are usually paid on a

In pre-war days, many societies traded strictly for cash, and other societies that allowed credit paid lip service to the cash trading ideal; but it is a characteristic of the post-war movement that credit trading, although controlled in most societies, is widely prevalent; and the gross amount owing to retail societies for goods which was £655,943 in 1900 or £.38 per member had risen to £5,356,041 or £.83 per member in 1930.

Trade in furnishing departments has also increased during post-war years owing to the carrying out of large house-building programmes. Although as pointed out earlier in the chapter (page 203), population is growing more slowly than in pre-war days this is due, primarily, to a decline in the birth-rate and such increase in population as has taken place during recent years has been principally due to the decline in the death-rate and the extension of the average length of life. One result has been that families are smaller and there are more families per thousand of the population than in pre-war days, so that more houses and more furniture are required for the same number of population. Whilst a thousand people may to-day eat no more than the same number did in 1900, they spend more on furniture, for the reasons just given, and because of the higher standard of living since the war they spend more on clothing. These changes are reflected in the trade of retail co-operative societies. Combined with the increase in the number of large societies and the diminution in the number of small societies—which permits the opening of departments other than grocery, and the development of club trade, the changes explain to a great extent why the grocery trade of the movement to-day is a smaller proportion of its total trade than it formerly was.

Despite the increase of sales in quantity and value between 1900 and 1930, the situation is not wholly satisfactory. The average annual sales per member in 1900 were £29.32 and in 1930 were £33.94 (£29.76 in 1932). As prices in general were higher in 1930 than in 1900 the figures reveal a decline in the quantity sales per member. Various explanations are offered for this decline, the principal ones being the widespread unemployment during recent years, the low rate of wages in certain industries, *e.g.*, mining, in which many co-operators are employed, the extension of open membership, and the considerable growth of membership in areas where the purchases per member are traditionally low.

Productions.

The development of retail trade paves the way for a development of co-operative production; and the value of productions emanating from the establishments of retail societies, wholesale societies and special productive societies in 1930 was very much greater than in 1900. In making a comparison between retail sales and the value of productions in the two years, not only must the fact that the former are recorded at retail prices and the latter at wholesale prices be remembered but

care must be exercised because of certain changes that have taken place. The first to be noticed is that expenses of distribution have risen because consumers call for extra services to-day beyond those that obtained in 1900. Shops have to be more attractive and fitted with more expensive equipment than was formerly thought necessary. Orders have to be collected from members' homes and goods have to be delivered to a greater extent than was usual in 1900; and weekly wage rates of shop assistants are higher and their working week is shorter than it was.

In consequence of these changes a larger margin exists to-day between wholesale prices and retail prices; and this must be remembered in comparing the ratios of productions to retail trade. In 1900 the total value of co-operative productions (at wholesale prices) was £10,974,611* and retail trade at retail prices was £50,053,567, the ratio between these two sets of figures being 21.92 per cent. In 1930 the corresponding figures were, productions £77,111,191*, retail trade £217,318,001, ratio 35.48 per cent. If allowance is made for the difference between wholesale and retail prices it is probable that the ratio in 1930 was about 48 per cent.

Values of co-operative productions are somewhat misleading if certain factors are not remembered. A pair of boots produced in a co-operative factory and sold by it to a retail society at 10/- may be made from leather bought from a private tanner, so that 10/- is an over-statement of the value of co-operative production in the case of these boots. Again, flour milled from privately-produced wheat appears at its flour value in the productions of the wholesale society and a second time at its bread value in the productions of retail societies, so that in the total value of co-operative productions the flour value appears twice and it includes the cost of the privately-produced wheat from which it was milled. It must also be remembered that improvements in productive processes have enabled a smaller number of workers to produce a greater quantity of goods and this change has tended to reduce the expenses of production, whilst the causes already mentioned have tended to raise the expenses of distribution, partly due to the diminished sales per employee resulting from the employment of men in supplementary services such as canvassing and from the shortening of the working week.

Employment.

In estimating the progress of co-operative production it is therefore desirable to compare not only values with values, but number of employees with number of employees, and wages with wages. None of them alone is a satisfactory basis of comparison: there might be a decline in all of them and yet there might be a quantity increase of

* The totals are made up of £3,827,000 in 1900 and £35,654,634 in 1930 (including the Joint Wholesale Society's productions) from wholesale societies, £4,293,000 in 1900 and £35,258,697 in 1930 from retail societies, and £2,854,000 in 1900 and £6,197,680 in 1930 from co-partnership and other productive societies. The respective percenatges in relation to retail trade were as follows in 1900 [illegible] Wholesale societies, 7.65 and 16.40; retail societies, 8.57 and

output, but by all these standards co-operative production has grown during the years 1900 to 1930 as the following table shows :—

	No. of Productive and Service Workers		Wages paid to Productive Workers		Value of Goods Produced	
	1900	1930	1900	1930	1900	1930
			£	£	£	£
Retail Societies ...	15,517	56,767	801,692	7,863,534	4,293,000	35,258,697
Wholes'le Soc'ties (including for 1930 the Joint C.W.S.).....	11,724	45,794	568,259	5,826,000	3,827,000	35,654,814
Co-partnership & other productive Societies	8,893	15,080	463,051	1,635,993	2,854,000	6,197,680
Total.....	36,134	117,641	1,833,002	15,325,527	10,974,000	77,111,191

The number of employees engaged by co-operative societies has naturally increased with the development of co-operative trade and production. The following table shows the progress between 1900 and 1930, employees engaged in service departments such as insurance and transport being included with the productive employees. These figures are only approximate and relate to the wholè of the movement covering all types of society, some societies being included in 1900 and not in 1930 :

Year	Productive and Service	Distributive	Total
1900.....	36,134	45,648	81,782
1930.....	117,674	139,819	257,493
Increase.....	81,540	94,171	175,711

The total in 1900 represented 4.86 per cent of the retail membership of Great Britain and Ireland ; the total in 1930 represented 4.02 per cent of the membership in that year.

It will be noticed from the foregoing figures that whilst the total number of employees has increased, the percentage relationship to retail membership has not been maintained. This is to be regretted, for it must be remembered that self-employment is one of the ideals of the Co-operative Movement. Another ideal is the provision of satisfactory labour conditions and in this respect the Movement has made more progress, for whilst the average wage per co-operative employee (all types of employee) was £62.15 in 1914, it was £128.76* in 1930. This

* Figures for average wage rates in various types of society are given for a number of years in the report of the Survey Committee and in the introduction to the statistical part of the Annual Congress Reports. The average wage per

increase is really better than it seems, for the hours of labour have been considerably reduced since 1900 and 1914 and general improvements have taken place (*e.g.*, in regard to holidays and payment during times of sickness) during the same period to at least the same extent as in other industrial and commercial establishments.

CO-OPERATIVE WHOLESALE SOCIETY.

As has already been pointed out, the development of retail co-operative membership, capital and trade pave the way for the development of wholesale co-operative trading and for production; but whilst increased retail activity makes possible developments of wholesale trading, loyalty in purchasing by retail societies affects the extent to which the wholesale societies benefit from the expansion of retail trading. The wholesale societies have benefited both from increased retail trade and greater loyalty during the thirty years under review. It will be convenient to describe, separately, the two wholesale societies in measuring the progress they have made.

The Co-operative Wholesale Society in 1930 claimed a larger percentage of the retail societies as members than it did in 1900: indeed, very few of such societies in England and Wales were outside the federation in 1930. Naturally, the society suffered in regard to number of members from the amalgamations that took place during the thirty years; but in 1930 it included in its membership a larger number of agricultural societies, productive societies, and special societies, including a number of foreign organisations, than it did in 1900 and they brought the total to 1,091 at the end of 1930.

Share Capital.

Changes in regard to the amount of share capital which societies must hold as a condition of membership were made during the period; and in 1930 the rules provided that each society joining the federation must hold one share of £5 for every two of its own members. Although alterations of rules could not be enforced upon members who joined when the rules fixed a smaller capital qualification for membership, most of them have voluntarily subscribed the larger amount, and whilst the total amount of share capital at the end of 1900 amounted to £883,798, it reached £8,515,097 at the end of 1930. The shares are not withdrawable, and therefore societies seeking an investment outlet for their surplus capital prefer to invest as loan capital such part of it as they invest in the wholesale society, for loan capital has not only a prior claim for repayment over share capital, but can be withdrawn at short or longer notice according to the terms agreed upon when the investment is made. As the capital of retail societies increased rapidly between 1900 and 1930, they had a large surplus for investment and the amount invested by all types of society with the Co-operative Wholesale Society as loan capital rose from £1,438,897 in 1900 to £35,280,226 in 1930. The bulk of this was invested by retail societies. No doubt the existence of a banking department in the C.W.S. has some influence over the figure of capital

available to the federation ; and whilst the needs of a banking institution are kept in mind, as they must be, by the directors of the federation, it is clear that the society has a large surplus beyond these needs* and this is available for its own trading and productive purposes though it is not all so used. A part is invested in joint undertakings such as the Co-operative Insurance Society, the English and Scottish Joint Co-operative Wholesale Society and in its joint operations with Russian co-operators and New Zealand co-operative farmers, whilst it holds substantial investments in such undertakings as the Manchester Collieries Ltd. which enable it to share in the direction of these concerns.

Trade and other Activities.

Primarily of course, the capital is employed by the society to further its own distributive and productive activities ; and it has made enormous strides in both production and distribution during the thirty years as the following figures show :

	1900	1930	Per cent Relationship to Retail Trade in England, Wales and Ireland	
			1900	1930
	£	£		
Distributive Trade.....	16,043,889	85,872,079	40.72	47.81
Productions	2,626,516	28,970,862	6.66	16.13

Although prices in 1930 were higher than in 1900, the figures given above represent a considerable quantitative advance. They also cover a considerable extension of variety in the trade and productions as well as an increase, in volume, of activities of the types responsible for the 1900 figures. Among the noteworthy developments during the period were the establishment of the Agricultural Department and the Milk Department. The former has attracted membership and trade from farmers' societies and the latter serves an increasing number of retail societies. In the productive section a number of independent producers' societies were taken over during the period, but a number of activities were initiated by the wholesale society itself, *e.g.*, the manufacture of margarine. A list of the productive activities in 1900 and in 1930 is given in the Congress Reports for those years and a detailing of the additions need not detain us. In addition to the productive and distributive developments, an increase took place in the service departments, the most noteworthy being the

* Banks usually employ a considerable part of their funds in making advances to customers in the form of overdrafts. This form of employment is less available to the C.W.S. than to other banks since co-operative societies usually have a surplus of capital beyond their trade requirements.

establishment of Publicity, Lecturing and Legal departments, whilst the development of the banking department has been almost phenomenal and of the audit department very considerable.

The development of the varied activities referred to in earlier paragraphs naturally caused a considerable addition to the staff of the society and the 10,603 employees of 1900 had grown to 41,205 in 1930. The principle of a minimum wage for all employees was adopted prior to the war and compulsory trade-unionism was adopted after the war, whilst a pension scheme with compulsory retirement at 65 came into operation in 1929.

SCOTTISH CO-OPERATIVE WHOLESALE SOCIETY.

The Scottish Co-operative Wholesale Society, like the (English) Co-operative Wholesale Society, has made considerable progress during the twentieth century. Its membership in 1900 was 288 and in 1930 251, almost all of them retail societies, but in comparing these figures the number of amalgamations that took place during the thirty years must be borne in mind. The Scottish Wholesale Society has no banking department and differs from the English Wholesale in this respect as it also does in receiving from its society members, payments in advance on trading account which leads to its always having a supply of funds beyond the amount invested with it as Share and Loan Capital. The capital position in 1900 and 1930 was as follows :—

	Share Capital.		*Loan Capital.*
1900.....	£254,113	...	£1,206,328
1930.....	£1,664,881	...	£6,872,096

The membership shareholding qualification for societies in 1930 was one share of the value of £2 for each member of the society in membership.

Trade and productive activities likewise increased during the thirty years, both as a result of the development of activities already commenced in 1900 and in consequence of a widening of activities. The most noteworthy feature was perhaps the establishment of a group of factories at Shieldhall, near Glasgow, where a number of industries are concentrated. But new undertakings have been established in other districts which are more suitable centres for them, and the area at Shieldhall itself is already fully taxed. As in England, developments of the activities of the wholesale society have gone alongside developments of retail activities but have been increased, also, as a result of the greater loyalty of retail societies to their federation, the relevant figures being shown in the following table. Again it must be remembered that the price basis differs for wholesale and retail trade and the spread between wholesale and

Year	A Sales of the S.C.W.S. (Wholesale Prices)	B Sales of Scottish Retail Societies (Retail Prices)	C Percentage of A to B	D Value of Productions of S.C.W.S.	E Percentage of D	
					to A	to B
	£	£		£		
1900	5,463,631	10,654,410	51.28	1,460,307	26.73	13.69
1930	17,694,411	37,699,102	46.94	5,792,827	32.74	15.37

The number of employees increased with the growth of trade and productions, and rose from 6,091 in 1900 to 10,774 in 1930. Profit-sharing with employees was abandoned in 1915 and ceased to apply to new employees from that date; but employees who were then entitled to participate were given a bonus equivalent on wages of 8d in the £, this being discontinued in 1922. Employees are, however, still entitled to become members of the society through their shareholders' association.

JOINT UNDERTAKINGS OF THE C.W.S. AND S.C.W.S.

The progress of the joint undertakings of the two wholesale societies between 1900 and 1930 was very great. The Joint tea committee (established in 1900 in place of a scheme that had operated from 1890) was registered as a separate society in 1923 under the powers of the new I and P. Societies Act of 1913, and is to-day known as the English and Scottish Joint Co-operative Wholesale Society Ltd. Its share capital of £2,409,000 is provided as to three-fourths, or £1,806,750, by the Co-operative Wholesale Society and as to one-fourth, or £602,250, by the Scottish Co-operative Wholesale Society, and the society's committee of eight members includes six directors appointed by the Co-operative Wholesale Society Limited and two appointed by the Scottish Co-operative Wholesale Society Limited. The joint society owns tea estates in India and Ceylon, and warehouses and packing centres in London and Manchester and a cocoa and chocolate factory at Luton. The trade—tea, coffee, cocoa and chocolate—in 1930 was £7,721,056 (£5,551,855 for the year ending June, 1933). In 1932 the number of employees was 14,294, of whom 12,948 were employed abroad.

The Co-operative Insurance Society in 1900 was an independent society which was taken over in 1913 by the two wholesale societies, which are its sole members, after considerable agitation for the change and much discussion. Its trade increased enormously during the thirty years, more especially after it was taken over by the wholesale societies and after the war. The range of its activities has been widened and whilst its accumulated funds of the society amounted to less than

PRODUCTIVE SOCIETIES.

The special productive societies, principally organised on Co-operative co-partnership principles, also made progress during the first thirty years of the century, the progress, however, being principally in the clothing and printing industries in which new societies were established during the period. Several productive societies were taken over by the C.W.S. during the thirty years, the most famous probably being the Hebden Bridge Fustian Manufacturing Society which was frequently quoted as an example of the success attending co-partnership in industry. The 149 productive societies in 1900—some of which would hardly be considered co-operative organisations according to modern standards and are no longer included in co-operative statistics—had a recorded share capital of £826,088, an annual trade of £2,822,466, and employed 7,791 persons to whom during that year £14,188 was paid as bonus on wages. The corresponding figures for 1930 were 97 societies; £1,964,415 share capital; £6,197,680 trade; 15,519 employees, and £55,575 bonus on wages. In the interval some of the societies recorded in 1900 had lost their co-operative character and are not recorded in the 1930 figures.

GENERAL.

Reviewing, collectively, societies of all types included in the Union's statistics, the trade in 1900 amounted to £77,276,858 and in 1930 to £340,557,453 and the number of employees which was 83,051 in 1900 had reached 257,493 by 1930.

CHAPTER XX.

THE LABOUR PROBLEM.

During the last twenty years no problem of internal organisation has caused the leaders of the Co-operative Movement more anxiety than the management of labour in Co-operative service. Few problems offer a severer test of Co-operative statesmanship than this one, or require a finer balance of ideal and practical considerations. Its solution constantly demands the reconciliation not merely of two opposite points of view but also of two mutually hostile parties. Labour disputes are apt to end in compromises that satisfy nobody, and to yield an aftermath of rancour. Nevertheless, the problem cannot be shirked because it is difficult. The Co-operative Movement cannot achieve its material end of business success or its ideal end of industrial harmony unless it can become immune from stoppages of work and maintain happier and more humane relations with its employees than are customary under capitalism. Nor is the problem wholly domestic. Conditions of employment are the vital concern of trade-unionism, whose active support and goodwill the Co-operative Movement always needs. Trade union sympathy may be easily forfeited by co-operative societies which neglect to pursue an enlightened and progressive labour policy and ignorantly or wantonly disregard trade union views. It is only in very recent times that the great body of co-operators have begun to see this question in all its bearings. Co-operators have always felt that their employees ought to be working under the best conditions prevailing at any given time, and that differences ought not to be carried so far as a trial of strength. But they have seldom been unanimous or clear on the reasons why, and in the Movement's earlier days were so preoccupied with building up its economic strength that they were inclined to accept the standards which already existed, rather than to establish higher ones based on their own principles and answering to their own ideals. Indeed, it was not until co-operators found themselves confronted by their employees arrayed as a fighting force that they realised that industrial peace does not arise spontaneously within the Movement, but has to be organised with trade union help.

Emergence of the Labour Problem.

The Store Movement was almost 50 years old, reckoning from the Rochdale Pioneers, before its employees began to grow conscious of themselves as a distinct body within the Movement and to set up their own organisations for mutual help. In the Movement's earliest days, when societies were small, the salesman, like Samuel Ashworth, was a personal acquaintance of all the members, perhaps himself a founder of

conditions, and any questions concerning them, could be settled directly by personal consultation and discussion. This state of easy familiarity disappeared as societies grew. First it became impossible for every employee to know every member. Later it became impossible for him to know all his fellow employees. Members and employees thus tended to draw apart into distinct bodies known to each other only through a few representatives. Employees naturally felt that they had more in common with employees of other societies than with the members of their own, and co-operative education was long in coming to supply the proper corrective of this attitude. Inevitably, in course of time the employees organised themselves in local and district co-operative employees' associations which acted chiefly as friendly societies. These societies in their turn were linked together and eventually amalgamated. Thus a society founded in 1891 and called the Manchester and District Co-operative Employees' Association united with others in 1895 to form the Amalgamated Union of Co-operative Employees. For fifteen years this union grew quietly and steadily through the absorption of other associations and its own propaganda. Pacific in its methods, educational in its aims, and inclusive of all grades of employees from managers downwards, it sought to improve the standing and labour conditions of co-operative employees by influencing the policy of the Movement through its ordinary constitutional assemblies, that is to say, the business meetings of societies, the various conferences, and the National Congress. In order that it might assist in the technical training of co-operative employees, it was given representation on the Central Education Committee.

The A.U.C.E. aimed consciously at making the typical co-operative employee a better Co-operator and arousing his enthusiasm for the Movement. But in attempting to educate the employees in co-operative principles, and revealing to them the ideals behind Co-operative business, the A.U.C.E. furnished them with a standard by which they could criticise the Movement's treatment of themselves. That treatment in many societies would not stand criticism. Not merely were co-operative employees in most societies deprived of the right enjoyed by all other members of voting in the election of management committees, but the hours of work were longer and the rates of pay lower for distributive workers than the standards regarded as tolerable for other occupations. Co-operative conditions of labour were not worse than those generally prevailing; in fact they were usually better, and in some progressive societies better beyond comparison. But right down to the end of the nineteenth century, and even after, shop and office workers were among the most overworked and underpaid classes of labour. They were, as might be expected, almost devoid of trade union organisation. Co-operators simply followed established custom. If they worked their salesmen and women 60 or 70 hours a week, it was because private traders, who were their competitors, worked theirs as long or longer. If there were co-operative societies paying adult employees less than £1 a week, there were many more private traders

paying even less. Further, since there were no effective trade unions for these workers, there was no collective bargaining, and wages were fixed at what the management committee or the manager thought fair or considered the society could afford. The supreme importance attached to the rate of dividend, and to a lesser extent the consumers' theory of co-operation, reinforced the influence of tradition and often ensured that the sum the society could afford was only a small one. The fact that a co-operative employee had relatively little reason to fear capricious dismissal and oppressive discipline, ensured that there was plenty of labour forthcoming even if the pay was not high. Eventually, the Movement's conscience was aroused. In 1893, William Maxwell, President of the S.C.W.S., in a Congress paper, brought to light some unpleasant facts concerning co-operative employment, and administered the first shock, but many more were required before the Movement as a whole could be spurred into action. Ten years after Maxwell's paper, the A.U.C.E. and the Women's Co-operative Guild in concert began a campaign of agitation in favour of a "living wage" for co-operative employees. Their aim, ultimately, took the form of the demand for a minimum wage for all adult employees, and in 1908 they were successful in carrying a resolution in Congress deciding upon the adoption in principle of a national minimum and instructing the United Board to set up a committee to work out a scale. The scale of wages was adopted by the Congress of the following year, and societies were recommended to apply it. This might have been a triumph for constitutional methods had societies hastened to carry out the decisions of Congress. But many which were paying wages below the minimum recoiled before the prospective addition to their wage bill, and did nothing. The A.U.C.E. finding after a couple of years that a number of societies did not really intend to adopt the scale, determined to alter its tactics. In 1911 it established a strike fund and prepared for a militant policy.

Joint Committee of Trade Unionists and Co-operators.

The Co-operative Movement was quite unprepared for the situation which then arose. Not merely did it lack machinery for collective bargaining, conciliation, or arbitration, but many of its members could only, with the utmost unwillingness, be brought to admit that the methods and machinery of wage regulation employed in the ordinary business world were necessary within the Movement or were anything but a disgrace to it. The Joint Committee of Trade-Unionists and Co-operators had served for some years as an arbitration tribunal, but it was not well adapted to the new situation. This committee, consisting of four members of the General Council of the Trade Union Congress, and four members of the United Board of the Co-operative Union, had been set up 30 years before, under widely different circumstances and with quite other ends in view. It dated from the days when the skilled craftsmen were the only organised workers, when the

to the producer, and when workers in the distributive trades were not considered producers at all. The original purpose of the Joint Committee was "to bring about that perfect understanding which ought to exist between those influential working-class organisations, and to effect a more rapid development of co-operative production." Interest in co-operative production (the self-governing workshop) eventually waned, and since the aim of the trade unions was to secure uniform recognition of their standards from both private traders and co-operative organisations, the Joint Committee found little to do but to inquire into and report upon such disputes, all small and local, as did occur, and occasionally to arbitrate between a co-operative society and a trade union. It did not evolve a body of rules and precedents governing its decisions, but merely enunciated one or two general principles. It laid down, for example, in 1908 that co-operative societies should pay the recognised trade union wages and work the recognised trade union hours of their respective neighbourhoods, and that disputes should be submitted to arbitration before a strike or lockout was declared. The trade union members of the Joint Committee belonged for the most part, to unions which, while dominating the Trade Union Congress, had no great membership in co-operative employment. Neither in numbers nor in any other respect has the skilled craftsman ever been the most important class of co-operative employee, and the craft unions were more concerned to retain the advantages their members had gained over other workers than to raise the other workers to their own level. It is doubtful whether the Joint Committee had sufficiently intimate knowledge of the trade or localities in which arose the majority of the disputes it was called upon to consider. Until the A.U.C.E. embarked upon its fighting policy, the Joint Committee had needed to meet only four or five times a year. Before it was disbanded, a dozen years later, it was one of the busiest of all the Co-operative Union's Committees.

Tactics of the A.U.C.E.

Those 12 years comprise two periods of almost continuous conflict, separated by an armed truce during the last two years of the world war. The first period, which lasted into 1916, was a period of rising prices which gave the A.U.C.E. innumerable opportunities of pressing its claims. The second period began in 1919 with rising prices, but ended in the depth of the post-war economic depression, with prices deflated and the A.U.C.E. fighting stubbornly to delay the inevitable reduction of wages. From the very beginning the A.U.C.E. was not satisfied with the enforcement of the Congress minimum scale of wages, and deliberately set itself to raise the standard of living of the co-operative employee to the level of that of the skilled worker. It refused to limit its demands to even the best standards of private trade, or to admit the plea that co-operative societies could not afford to pay considerably higher wages or work shorter hours than private and company shops. It defended its claims on moral grounds, that Co-operators are bound to

disdain economic argument that first-class labour conditions attract first-class employees. The Union's tactics were even less to the liking of Co-operators than its policy and its arguments. In negotiations and before arbitration tribunals, the Union's representatives gave management committees no quarter. They took full advantage of their special training in putting a case to extort the last penny that they claimed. They were adepts at organising "lightning" strikes, and with such weapons in their hands negotiations became simple coercion and they dictated terms to helpless committees. They accepted the arbitration of the Joint Committee when they expected to gain by doing so, and refused when they saw greater advantage in fighting to a finish. Moreover, influenced by the tide of thought then rising in the trade union world, they began to demand for co-operative employees the right to participate in the management of their societies.

The rapid success of the Union's policy, brought it adherents in large numbers. Its declared aim was to gather co-operative employees of all types into a single organisation, and it very soon commanded a majority of the Movement's distributive workers. It did not lose hold of its members when they left co-operative employment, while at the same time, its reputation for producing quick and tangible results enabled it to attract members from other unions, not only of shop assistants and clerks, but of skilled workmen. It came to be regarded by the other trade unions, as a "poacher" union, and the violent controversy that ensued, resulted, in 1916, in its resignation from the Trade Union Congress. The A.U.C.E. could not be either a craft or an industrial union in the strict sense, and its very success in securing better labour conditions in the Co-operative Movement seemed to be making co-operative employees a privileged class, and naturally roused the resentment of other trade-unionists. The other unions with members in co-operative employment thus came to form a special federation, and after the Trade Union Congress had called upon co-operative societies not to recognise the A.U.C.E., which was no longer affiliated, they found favourable opportunities of pressing their claims. Many co-operative societies responded by requiring their employees to join unions affiliated to the Trade Union Congress, but this requirement ceased to operate to the detriment of the A.U.C.E. in 1919 when, upon amalgamating with the National Union of Warehouse and General Workers, it once more secured affiliation under the title of National Union of Distributive and Allied Workers.

Machinery of Negotiation.

Meanwhile the Co-operative Movement had been gradually working out a policy and creating the appropriate machinery. Conciliation Boards were first proposed, and were actually set up in 1916, when, as the result of the disaffiliation of the A.U.C.E., the Joint Committee could not arbitrate in disputes in which it was engaged. There were District Conciliation Boards and a National Board representing the

Co-operative Movement and the A.U.C.E., but they ceased to work within a year or two. Certain co-operators from the beginning of the militant period had favoured combination on the part of management committees for more effective resistance, and the A.U.C.E., by its policy, helped to convince the Movement that they were right. The results were: first, the establishment of Hours and Wages Boards, representing the management committees of societies in the Conference Districts, and of Sectional Councils to link the District Boards together; second, the creation in 1918 of a Labour Department at Holyoake House, and the appointment of an expert on labour questions as Labour Adviser. The Hours and Wages Boards, which have never succeeded in covering all the Sections, are essentially employers' federations. They exist for collective bargaining, and within the area of each, wages and conditions of labour tend to be uniform. The Labour Adviser of the Co-operative Union, in addition to his other duties, assists societies with advice upon their labour problems, puts their case before conciliation and arbitration tribunals, and generally acts on their behalf in their dealings with trade unions. Societies thus acquired an expert and professional negotiator who was able to meet the trained trade union official on equal terms.

The results were seen in the second great period of conflict when prices had fallen and wages had to be brought down accordingly. The Co-operative Movement was equipped with machinery for collective bargaining, and the N.U.D.A.W. was unable to select single societies for punishment. The wage reductions were desperately fought—between September, 1921, and September, 1922, the Joint Committee considered 237 cases and made 81 awards—but they were carried into effect. The work, however, broke the back of the Joint Committee. The trade union representatives, whose unions were not directly concerned with co-operative labour conditions, grew weary of serving upon it and grudged the time demanded. Leading co-operators also doubted its impartiality and competence. The Joint Committee lapsed in 1925 through the refusal of the General Council of the T.U.C. to appoint any more representatives, and the Trade Union Congress handed over the task of negotiating a new agreement with the Co-operative Movement to the trade unions, about 30 all told, with members in co-operative employment.

National Conciliation Board.

The Joint Committee having been abolished, a fresh start was possible. The working of the statutory Trade Boards, by which many classes of co-operative employees now have their wages regulated, and in whose procedure trade union officials and the Labour Adviser were by this time well versed, provided a common background of experience as well as a model which might be copied. Negotiations continued for the greater part of two years. The desire of co-operators that general principles should be laid down and in particular that co-operative societies should not have their business interrupted by strikes

aimed primarily against capitalistic organisations was not granted. The trade unions were not willing to renounce the right to strike even against co-operative societies. Agreement was ultimately possible on the constitution of a new conciliation tribunal, and the Belfast Congress of 1926 accepted a scheme worked out by a Joint Committee of seven co-operators and seven trade-unionists during the previous winter. Within a few months the scheme was also accepted by a majority of the unions concerned and approved by the Trade Union Congress. The National Conciliation Board thus set up is summoned when direct negotiations between a trade union and a co-operative body have broken down. The dispute must be referred to the Board within seven days of the breakdown, and the Board must meet within 14 days of reference. No lockout or strike is to be declared unless the dispute has been referred to the Board, and the Board has not succeeded in finding a satisfactory settlement. The Board consists of six co-operators and six trade-unionists, and the president is an independent person appointed from a special panel. The co-operators and trade-unionists are also selected from panels, the co-operative panel consisting of four co-operators from each Section, and four from each National Organisation, the trade union panel consisting of four representatives of each union which has accepted the scheme. When a dispute is referred to the Board, the trade union directly concerned in it nominates from the panel the six trade union members. It may nominate its own four representatives, but at least two members must represent unions not directly involved in the dispute. Similarly, co-operators choose their own members, but two must represent organisations unaffected by the dispute. The Board may arrive at a decision in one of three ways :— First, by a unanimous vote ; second by a majority of both sides, if the parties to the dispute agree beforehand to accept it ; third, if neither of the two previous ways is possible, by the chairman acting as arbitrator, if the parties to the dispute consent and agree to accept his decision. The record of the Conciliation Board is one of considerable success, and the satisfaction of the Movement was displayed in a Congress resolution passed in 1929 approving of the extension of the method of conciliation to all kinds of differences arising between co-operative societies and their employees. The Board, however, suffers the grave disadvantage of not having the support of the Co-operative Wholesale Society and its subsidiary concerns, which do not consider that a Board so constituted, however useful to the retail societies, can be of great value in dealing with their peculiar labour questions.

Constructive Labour Policy.

The great advantage of workable conciliation machinery has been felt in the absence of violent conflicts over wages and hours and the growth of the habit of mutual accommodation. In the more friendly atmosphere thus prevailing, it has been possible to establish institutions and customs which not merely add to the welfare and efficiency of the

ideal of the status and treatment of labour. Papers at Congress and at the Annual Trades and Business Conferences have also helped to mould opinion and encourage societies to adopt progressive measures. Many societies have amended their rules so that employees may enjoy the same rights as all other consumers, including the right to sit on the management committee of the society which employs them. A few societies have gone further, and provided for the representation of the employees as a special group on the committee of management, a step which appears confused in principle, and has not yielded any notable success in practice. More helpful as a rule have been the joint advisory councils representative of employees and management committees, for the consideration of questions specially affecting the staffs and the contributions the staffs can make to the success of the societies. These were set up by a few societies soon after the war, and they have generally been so useful in removing friction and in arousing the interest of the employees in technical training and similar matters that they have been adopted as part of the Co-operative Union's official labour policy, and recommended by repeated Congress resolutions for adoption by the societies. More recently, attention has been given, notably by the two Wholesale Societies to contributory pension schemes, in which the assistance of the Co-operative Insurance Society has been indispensable, and the promotion of sports and other social activities. To a certain extent, these have always been encouraged, but as societies realise more and more the value of team work and healthy social intercourse, they are supporting them by providing sports grounds, and giving trophies for competitions. In these and other ways, co-operators to-day are striving to humanise labour conditions in the Movement, and to ensure that the cash nexus, so bitterly denounced by Thomas Carlyle, is not the sole bond that unites the co-operative employee to his society. What has been done simultaneously by the provision of scholarships, schools, and training courses to open up a career for talent within the Movement, is described in detail in the chapters on education.

Responsible Brain Workers.

The growth in the size and complexity of the Movement's business operations has also increased the numbers and importance of its responsible brain workers, who are usually called officials rather than employees. These were at first enrolled in the A.U.C.E., but they could not for long be at ease in it, especially after the Union had adopted a fighting policy. It was inevitable, because their work was different in kind, and they had to exercise command over their fellow-workers, as well as enter into confidential relations with management committees, that they should tend to draw apart, and with the growth in their numbers, form their own organisation. The secretaries were the first to do so. The Co-operative Secretaries' Association was founded in 1908, and the Managers' Association four years later. At first concerned chiefly with the discussion of questions of business technique, and

closely associated with the Education Department of the Co-operative Union, these associations combined in 1917 to form the National Union of Co-operative Officials. While the associations still carry on their technical and educational work, the N.U.C.O. is a trade union whose chief concern is with salaries and conditions of employment. It is affiliated to the Trade Union Congress, and a party to the agreement establishing the National Conciliation Board. It admits to membership all classes of responsible brain workers in the Movement, except branch managers, unless these happen also to be buyers. In recent years the growing number of educational secretaries, propagandists, organisers, teachers, and other specialists employed in the Movement has rendered the old classification into managers and secretaries obsolete, and has necessitated the creation of a special section for officials not directly engaged in commerce or production. The Union's official organ, *The Co-operative Official*, enables its members to express their views, not only upon their own conditions of employment, but upon technical problems and wider questions of co-operative policy.

CHAPTER XXI.

DEVELOPMENT OF THE CO-OPERATIVE UNION.

When the present century began, the Co-operative Union had been a registered society just over ten years. Its affiliated societies numbered 1,108, but there were still 526 societies standing outside it. These were of much less importance than their numbers suggest, for they did not include altogether more than 207,000 persons. There were seven Sectional Boards, Irish societies forming part of the Scottish Section, and five regular committees concerned respectively with Education, Production, Propaganda, International Co-operation, and Parliamentary Affairs, in addition to the Joint Committee of Trade Unionists and Co-operators.

The development of the Union during the present century can be studied most conveniently in three periods of unequal length, the first extending from 1901 to 1914, the second from 1914 to 1920, and the third from 1920 to 1933. Compared with the second two the first period was uneventful, nor was it markedly different from the preceding ten years. The Union's work grew steadily, especially in the field of education. Along with its growing usefulness to societies its membership and income increased, and its authority gained wider recognition. In the Congress year 1903-4 the number of affiliated societies for the first time exceeded 1,200, and the subscription income rose above £10,000. The framework of sectional and district organisation built up before 1895 required little alteration. A permanent sectional secretary, in the person of James Deans, with an office in Glasgow had been appointed for the Scottish Section in 1891. In 1904 the Irish Conference District was separated from the Scottish Section and its Executive Committee given direct representation on the Central Board and several of the Union's sub-committees, as the first step towards full sectional status. The problem of permanent premises for the head offices of the Union was under consideration for several years, and it was solved, after two removals, by the erection of a special building as a memorial to G. J. Holyoake, who died in 1906. A special appeal was made to the societies, which responded by subscribing rather more than £26,000 as a building fund. The new building, Holyoake House, was formally opened by E. O. Greening on November 11th, 1911. The Congress of that year had already sanctioned new rules replacing the old anomalous scale of subscriptions by a flat rate of 1½d. per member per annum payable by all societies irrespective of size. At the same time, societies were given voting power, both for Congress and for Central Board elections, at the rate of one vote for every thousand members, but in order to prevent Congress, which was already becoming somewhat unwieldy, from becoming totally unmanageable, no Society was permitted to send more

than six delegates. The settlement of the subscription question was a substantial gain. The Central Board reported in 1913 that subscription income had increased by £2,500 during the previous year.

Internal Consolidation.

Throughout this period the Union's chief concern was with the consolidation of the Co-operative Movement's internal structure. Two matters arising from the Movement's relations with the outer world, however, did attract some attention during the earlier years. First, there were the public attacks, usually misinformed and misleading, sometimes libellous, made by private traders upon the Movement as a whole and upon particular societies. These tended to create minor panics among the members, and the Union therefore established a Defence Fund and appointed a Defence Committee to administer it. The legal expenses of the Plymouth Society, which fought a successful libel action against a traders' paper, were paid out of this fund, the action and the consequent damages having bankrupted the paper. The second matter was parliamentary representation. The Joint Parliamentary Committee led by its chairman, the late Thomas Tweddell, vice-chairman of the C.W.S. Board, insisted year after year on the need for more Co-operators in Parliament and the desirability of the Movement's taking steps to gain representation. Resolutions to this end were discussed at several Congresses, but even if they were not defeated there, they led to little more, for few societies, when circularised and invited to promise subscriptions to an election fund, would make definite promises of support.

Of the internal problems the chief, before the rise of the labour question, was the chronic overlapping which the continued expansion of the retail societies in densely populated areas rendered yearly more acute. With the turn of the century, amalgamation and absorption reduced the numbers of societies by a handful each year. In some localities, agreements and boundary delimitation were found to be practicable. Elsewhere parochialism and strong vested interests caused societies to refuse or repudiate agreements and to reject the arbitration of the Sectional Boards, and prolonged a state of competition which made the Movement ludicrous and caused it both moral and material damage. It was this that led J. C. Gray, General Secretary of the Union, who presided at the Birmingham Congress of 1906, to propose the heroic remedy of the amalgamation of the existing societies into a single society of national dimensions. This grandiose idea has had a great influence on co-operative policy, not in Great Britain alone, but on the continent. Unfortunately, Mr. Gray did not live to guide co-operative policy in the direction he wished, although opinion in favour of discipline notably stiffened, and an overlapping society, which refused a settlement made by a Sectional Board, was expelled from the Union by a special resolution of Congress.

In 1910 Mr. Gray's health broke down. When, after a prolonged rest, no hopes of his recovery could be entertained, the United Board was obliged to appoint a successor, and its choice fell upon Mr. A. Whitehead who had had many years of experience as assistant secretary. Before Mr. Gray's retirement the Union had begun to prepare a Bill to amend the Industrial and Provident Societies Act. No amendment had been made since the consolidating Act of 1893, and co-operators felt that the Movement's growth demanded the removal of restrictions, such as the £200 maximum shareholding, and the extension of its powers. The Bill was drafted as early as 1909, but did not become law until 1913. The new Act made no changes in the shareholding maximum, and was chiefly notable for the provisions requiring societies' accounts to be certified by public auditors and enabling as few as two societies to form a federation. The latter provision was promptly turned to account by the C.W.S. and the S.C.W.S. which federated in that very year to form the Co-operative Insurance Society to take over the Co-operative Insurance Company.

General Co-operative Survey.

The next period, which began in 1914, brought the Movement's relations with the State and with organised labour once more into the foreground. Internal reorganisation and consolidation, except where war conditions demanded them, received considerably less attention. Yet had not war broken out the Movement would almost certainly have been concerned even more deeply than before with its own structure and organisation. The last act of the Dublin Congress of 1914 was to pass, without discussion, a resolution instructing the United Board to set up a committee to carry out a survey of the Movement. The lack of exact knowledge which permitted sweeping generalisations to go unchallenged, the prevalence of false Co-operative ideas, the rise of a number of problems whose solution was hindered by bad traditions, had caused many thoughtful co-operators, especially those who had played a leading part in the revival of educational work from 1907 onwards, to desire to take stock, to ascertain whether the Movement was proceeding on right lines, to overhaul its machinery, and to survey the task which still remained to be accomplished. They received added stimulus from the criticisms contained in the report of an investigation into the Co-operative Movement conducted by the Fabian Society and published in 1913. Although those who proposed the survey had in mind an inquiry in which co-operators of authority and experience would have the collaboration of notable economists and publicists, the Survey Committee actually appointed consisted principally of members of the Central Board and did not include any experts who, not being co-operative leaders or officials, might play the part of impartial spectators and take a detached view of the various problems presented. At the very beginning the C.W.S. Board withdrew from the survey on the ground that the Wholesale Society had just completed an inquiry set up by the quarterly meeting into its own organisation.

At a later stage Miss Llewelyn Davies resigned from the Survey Committee in consequence of a disagreement between the Women's Co-operative Guild and the United Board.

The Survey Committee divided itself into three sub-committees dealing respectively with constitutional questions, trading, and education, and although hampered by war conditions went on with its work, producing interim reports in 1916, 1917, and 1918, and a Final Report in 1919. A Special Congress met at Blackpool in February, 1920, to consider the report. The Survey Committee's conclusions, which cover every field of co-operative activity and can be studied in detail in its published reports, were for the most part adopted without much discussion of how they were to be carried into effect. The proposal to set up a full-time directorate for the Co-operative Union, which was a recommendation at first brought forward and subsequently withdrawn by the Constitution Sub-Committee, was adopted by the Congress. On the other hand, the Trade Committee's recommendation of a special Co-operative Banking Federation to supersede the Bank Department of the C.W.S. was rejected. Much attention had been given by the Survey Committee to the constitution of the Union. Its scrutiny of the rules led it to recommend the amendment of the objects rule so as to include the establishment of a Co-operative Commonwealth as the Union's ultimate goal, to restrict the application of the membership rule so that only organisations whose aims did not conform to the Union's declared objects would be excluded, and to strengthen the Union's control over its affiliated bodies by making arbitration compulsory, under penalty of exclusion from the Union, in all overlapping and similar disputes between societies. The Survey Committee would have made the Central Board the principal administrative body in the Union, and proposed not only that it should meet once every three months, but also that its members should be required to qualify themselves, by service on local and district committees, for election to the Board. The committee would have abolished district representation on Sectional Boards, and substituted for the United Board and Office Committee an executive committee called the Finance and General Purposes Committee. It made proposals for the reconstitution of the committees dealing with education, propaganda, and parliamentary affairs, suggested that new departments for accounting and audit, statistics and trade information, publications, labour questions, and political matters should be created, and recommended the appointment of a special committee to revise sectional boundaries. The committee was, moreover, in favour of sectionalising Congress as a means of increasing its efficiency, and of closer relations between the Union and "auxiliary bodies" such as the guilds. In fact, it went so far as to suggest the creation of an entirely new body, a National Auxiliary Council, meeting three times yearly to deal with educational and similar matters. One of the Survey Committee's recommendations to be given almost immediate effect was the amalgamation of the English and

Scottish Co-operative Newspaper Societies to form the National Co-operative Publishing Society. Other recommendations and suggestions adopted as time passed are mentioned in the later sections of this chapter.

War Period.

The British Co-operative Movement to which the Survey Committee reported in 1919, was in many respects a different Movement from that which appointed it in 1914. The Co-operative Union was also greatly changed. The forces at work were chiefly three; first, the necessity of close and continuous watchfulness over the actions of Parliament and the administration, and the protection of the Movement's interests against injury from legislation framed in haste or in ignorance or from the unwillingness of Government to legislate; second, the unprecedented growth of the Movement's membership under the economic conditions created by the war; third, the development of certain problems, such as the labour problem, which had not been solved when the war broke out.

The first threw an immense volume of work upon the Union's advisory departments, and above all, on the Parliamentary Committee. The difficulties mostly arose out of the Government's methods of controlling the distribution of various necessaries of life such as sugar, coal, and flour; the imposition in 1916 on co-operative societies of the Excess Profits Tax; and the administration of the Military Service Acts. Much of the friction between the Movement and the Government arose from the latter's failure to recognise the Movement's character as a group of non-profit-making undertakings which had no other reason for their existence than the service of the public. At best co-operative societies were treated as ordinary traders; but not seldom they were dealt with as though they had less claim to consideration than the "legitimate" trader. It was necessary, therefore, for the Parliamentary Secretary to keep constant watch upon the stream of orders and regulations which issued daily from the various Government departments, to advise co-operative societies on their proper interpretation and observance, to see that representations were made in the right quarter so that hardship could be prevented or relieved, to assert the Movement's claim, as an industrial and commercial interest of the first importance, to be represented on committees controlling various commodities. All this involved interviews and the issue of circulars at the rate of thousands every year. The Military Service Acts from 1916 onward and the Excess Profits Tax increased the work, not only of the Parliamentary Committee, but also that of the Legal Department. The taxation of surpluses and the need of societies of advice regarding assessments led to the growth of what was virtually a new department, concerned with the guidance of societies in financial matters, directed by the Union's cashier. The comprehensive protest against the Government's treatment of the Movement, which resulted in 1917 in the decision to take an active part in municipal and Parliamentary

politics, and in more adequate representation of the Movement on local and national committees dealing with the distribution of goods for consumption, was organised by the Union. A further consequence was the creation of a new department, at first under the wing of the Parliamentary Committee, for political organisation. This department was controlled by the National Co-operative Representation Committee, which changed its name in 1919 to the Co-operative Party, and was eventually completely detached from the office of the Parliamentary Committee. Experience had also shown that the Parliamentary Committee itself needed reconstruction, and the Special Congress at Blackpool in 1920 agreed to the adoption of a new constitution under which representation was provided for the two Wholesale Societies, the Co-operative Productive Federation, and the Secretaries' and Managers' Associations.

The circumstances of the war also resulted in closer association between the Co-operative Union and the Trade Union Congress. The idea of co-operative and trade union collaboration was becoming popular before war broke out, and the Central Board was very early represented on the War Emergency National Workers' Committee which was set up for the relief of distress amongst the wage-earning population and the protection of working-class interests generally. A resolution passed by the Trade Union Congress in 1916 and adopted in similar terms by the Co-operative Congress at Swansea in 1917 led the way to the constitution of a joint committee representing the Central Board of the Union and the General Council of the Trade Union Congress. The object of this committee, which consisted of six representatives of each body, and was called the United Joint Advisory Council, was stated to be mutual assistance in developing the productive, distributive, and banking activities of the Co-operative Movement. The older Joint Committee of Trade-Unionists and Co-operators had by this time become a very busy conciliation board, and the new Council was necessary in order to promote joint propaganda and collaboration on matters not directly related to employment conditions within the Co-operative Movement. The Joint Advisory Council was active for a few years, but with the trade slump which followed the armistice, when the two Movements had their respective internal troubles, its activities were allowed to lapse.

Turning finally to those changes in the Co-operative Union which were the outcome of the Movement's own development, we may note to begin with the gradual assembly of machinery for dealing with employment questions. At the outbreak of war, opinion was in favour of setting up a system of Conciliation Boards for the settlement of disputes between societies and their employees. These were favoured by the employees' union, but aroused little enthusiasm among the management committees. The latter desired much more to have some organisation for mutual consultation on labour matters which would enable them to support one another and frame a common policy. The shortage of trained assistance, as more and more men were called to the

colours, made the "lightning" strike or the threat of it a powerful weapon in the Union's hands. The committees on their side were so much the less inclined to be conciliatory, and the Conciliation Boards very rapidly disappeared before the rise of Hours and Wages Boards. These Boards, which were essentially employers' federations, sprang up within the various sections and districts and were first approved by the Union in 1916. The next step was the decision, in 1917, to create a Labour Department at the Union's headquarters and the appointment of the first Labour Adviser, who began his duties in 1918. It was not until 1920, however, that a committee of the Central Board was set up to deal with labour policy and to supervise the work of the Labour Adviser. The work of the Education Department expanded even under the handicap of war conditions with the appointment in 1914 of the Adviser of Studies, under whose charge the Statistical Department, which was even in those days intended to expand into a bureau of commercial information, was established. In the Congress Year, 1916-17, a special committee for publications was first set up, and in 1919 this department was linked with statistics and placed under the control of the same committee. In 1918 a permanent secretary was appointed for the Midland Section. Notwithstanding that, owing to the phenomenal increase in the membership of the societies and the growing numbers of affiliated societies, the Union's income from subscriptions increased steadily throughout the war and in 1919 exceeded £20,000, it was becoming clear that it had insufficient funds to perform in a satisfactory manner all that was expected of it. Not merely had the work immeasurably increased in volume, but expenses of every kind were greater owing to the rise in prices. As early as 1918, members of the Central Board foresaw the need of raising the rate of subscription. In 1919 the Board reported to Congress that expenditure had exceeded income by £2,797, and Congress accordingly raised the rate of subscription for affiliated societies to 2d. per member per annum which has been maintained ever since.

Co-operative Union Since the War.

The Union's history since the war has been a record of steady expansion and continual adjustment, which reflected the growth in membership of its affiliated societies. For this growth the Union's endeavours to assist and co-ordinate local propaganda efforts were, to a large extent, responsible. Determined efforts were made to extend the Movement to areas charted as "co-operative deserts." In addition to the National Propagandist Organiser who gave much attention to North Wales, a propagandist was appointed for the South-Western, and another later, for the Southern Section. In 1924 the inauguration of International Co-operative Day as an annual summer festival enlarged the scope of the Union's propaganda services. In 1927 the Union took the lead in inaugurating a National Propaganda Week, which was later extended to a fortnight. Although the propaganda must be mainly organised by the local societies, the Union plays an important part

in supplying posters, pamphlets, and other propaganda material, in arousing enthusiasm amongst the societies and in disseminating useful ideas and suggestions. Alongside of this work the Union has developed its Press activities as a means of forming sound co-operative opinion. In 1920 it began to issue a News Service for the use of editors of local co-operative publications, and in 1926 published the *Co-operative Review*, a bi-monthly publication dealing with Co-operation in the broadest sense. Meanwhile, the Publications Department continued to issue pamphlets on important questions, as well as books on co-operative theory and practice, many of which were translations of works by leaders of the Movement abroad.

The new changes in the Co-operative Union's structure demand careful study. A few of the old committees, notably the Defence Committee, the Exhibitions Committee, the Joint Committee of Trade-Unionists and Co-operators, and the United Joint Advisory Committee became defunct, their utility having diminished with changing circumstances. In 1925 the Union's "objects rule" was amended so as to include a statement that its ultimate aim was the establishment of a Co-operative Commonwealth, a change which had been recommended by the Survey Committee several years before. The suggestion of a full-time executive committee which was adopted by the Blackpool Congress in 1920 has never been carried out. Consideration of it was adjourned from year to year and the proposal was finally rejected in 1930 by a special committee appointed by the United Board to study the question, and again by Congress in 1932. A partnership which had lasted from the Union's earliest days was dissolved in 1923 when the Yorkshire societies, which had formerly been included in the North-Western Section, were separated from the Lancashire societies and constituted as a new section, the North-Eastern, with a permanent secretary installed in an office at Leeds. This came as the result of a special inquiry held into the need for redrawing the boundaries of the Sections. A suggested division of the Midland Section into Eastern and Western portions was not adopted, but the greater part of the Wilts and Dorset Association was transferred from the Southern to the South-Western Section, which had its representation on the Central Board increased to six members.

The year 1925 saw the creation of an entirely new department for agriculture. In the course of the previous year the Agricultural Organisation Society, which had never been well supported by its affiliated societies, was wound up, the grant which the Development Commissioners had made having been withdrawn. The agricultural societies were thus left without an advisory Union, and the suggestion was made by the Board of Trade that the Co-operative Union might undertake to guide and supervise them. The need of closer relation between agricultural and consumers' societies was at that time gaining greater recognition than it had for many years. Moreover, the agricultural ventures of the stores were not generally satisfactory.

Since the war there had been a steady retreat from the land on the part of the consumers' societies, but it was rightly held that there was no need for many of their farming enterprises to be abandoned if they could be reorganised on right lines. Many co-operators, who had no enthusiasm for bringing in the agricultural societies, realised the stores' need of expert technical guidance. For these several reasons Congress agreed to the establishment of the Agricultural Department and the appointment of an Agricultural Organiser. To begin with, the department was administered by a joint committee of the Union and the C.W.S., but the C.W.S. withdrew in 1927. Beneficial results were quickly seen in the Movement's ability, under the Union's leadership, to frame a national policy, for example, concerning the distribution of milk and in friendlier relations with agricultural co-operators. Early in 1931 the agricultural societies, having been for some years supervised by the National Farmers' Union, sent a deputation to the United Board asking for the creation of a special section for agricultural societies within the Co-operative Union. The Bournemouth Congress gave the Board authority to create such a section when the number of affiliated agricultural societies justified the step.

The development of the Agricultural Department is one of many signs indicating that the dominant trend in the Union's progress is towards the enlargement of its advisory and consultative functions. Another sign is the growth of the Finance Department whose services during the war have already been mentioned. The advisory work of the department did not come to an end with the return to peace conditions. For one thing the Corporation Profits Tax, until its repeal in 1924, made its assistance again necessary to the societies. The increasing keenness in the assessment and collection of income tax have caused more and more societies to have recourse to its expert advice. Since 1925 the Rating and Valuation Act have still further increased the demand for this department's services. At the same time the advisory work of the Education Department, the Labour Department, and the Parliamentary Committee has tended to increase as societies undertook new enterprises and were confronted with new problems. A new type of advisory and consultative organisation has sprung into existence within the last few years, prompted by the need for framing a national policy and programme on certain special issues, such as, for example, co-operative policy in the milk and coal trades. The course of events in the wider world forced the Movement to face this issue. The necessity for national action in the milk trade arose from the proposal that milk prices for the whole country should be settled by a national committee representing the private distributors and the farmers, without the consumers having a voice. A voluntary federation of societies engaged in the retail milk trade had been in existence some 15 years but it was not fully national in scope, did not include the wholesale societies, and could not speak officially for the Movement. The Congress of 1929 had already pronounced emphatically in favour of a national milk policy; and had sanctioned the appointment

of a committee to inquire into ways and means. The threat of milk prices settled over the consumers' heads fortunately came to hasten its efforts to carry the resolution of Congress into effect. Negotiations between the committee and the Co-operative Milk Retailers' Federation during the early part of 1930 resulted in the constitution of an association which was approved by the York Congress.

The title of this new body, whose membership is open to all registered co-operative societies in England and Wales, is the National Co-operative Milk Trade Association. The societies in each section of the Union elect their own executive committee and may sub-divide themselves into district associations. Each sectional executive appoints one representative on the national executive committee which comprises, in addition to the sectional representatives, two representatives of the Central Board and two of the C.W.S. The National Executive ranks as a committee of the Union and submits a report to Congress. The Association's functions are mainly advisory and consultative. Its decisions may be recommended to societies for adoption but do not bind them. It encourages by advice and help those societies which desire to enter the milk trade or to develop the business they already have, and promotes collaboration between the societies and the C.W.S., which is steadily growing in importance as a supplier of milk and milk products. The Association advises the Parliamentary Committee concerning any Government measure affecting co-operative interests in the milk trade, and has power to promote measures in the consumers' interests, to appoint representatives to committees dealing with milk trade questions and to enter into negotiations on behalf of the Movement on matters of national price or policy. While the constitution of the Milk Association was being worked out, the need of a similar association in the coal trade was demonstrated by the threat of monopoly on the part of the Coal Merchants' Federation, based on the marketing provisions in the Coal Mines Act of 1930. Towards the end of 1930 the National Co-operative Coal Association began to build up its sectional and national organisation. A notable impulse came also from the Trades and Business Conferences of 1929, and the plea made in one of the conference papers by Messrs. Pickup (C.W.S. Director) and W. B. Neville (Secretary of the Royal Arsenal Co-operative Society), for a national business policy for the Movement. The same co-operators appeared before the York Congress and the resolution which they sponsored, sanctioning the creation of technical advisory bodies similar to the Milk and Coal Associations for the meat, bakery, drapery, boot, and outfitting trades was adopted. Other advisory bodies may be added as the need arises. They form a link, which has too long been lacking, between the Movement's wholesale and retail organisation, and besides assisting the formulation of definite national policies, have brought the establishment, by the Union, of a central bureau of trade information and research within the sphere of practical politics.

The desire to strengthen the Union's authority and to secure greater cohesion within the Movement has played an important part in the

Union's recent history. That its leaders were conscious of this need twenty years ago is proved by certain passages of the Survey Committee's Report. It was one factor in the prolonged dispute on a question of policy which led to the withdrawal of the Union's grant to the Women's Co-operative Guild for several years. The persistent demand for a full-time directorate for the Union was the outcome of a desire to have a strong executive, prompt and decisive in action, capable of framing bold policies and carrying the Movement with it. Since this proposal has been shelved the desire has found expression in others, no less radical. The difficulty of framing and carrying out a uniform policy has tended to increase because the largest societies have grown more rapidly than the small ones, and the disparity between their respective resources and outlook grows wider year by year. An increasing proportion of the Movement's membership is enrolled in the societies of the first magnitude, is accustomed to large-scale business, and is apt to regard the small societies as a stumbling block. Authoritative opinion in the Movement continually condemns excessive localism. Following the example of his predecessor, Mr. Whitehead in his Congress address at West Hartlepool in 1928 condemned the overlapping and parochial spirit manifest among the local societies and recommended a progressive reduction in their numbers by amalgamation, but comparatively little has been done to carry the recommendation into effect. Again, co-ordination amongst the Movement's national organisations has often left very much to be desired. To the differences occasionally discernible between the Union and the Wholesale Societies have been added differences between the Central and United Boards and the Co-operative Party, which, though in constitution a department of the Union, has naturally, because of the voluntary affiliation to it of the local societies, acquired its own more or less independent life. The Movement's organisations have become so specialised, as they necessarily must to do their work well, that in the absence of a strong authority linking their machinery and guiding their activities according to a common plan, the Movement as a whole may become unmanageable and in consequence ineffective. Hence the demand for a National Executive put forward with vigour by London co-operators at the York Congress in 1930. The proposals were rejected but Congress, by deciding that a special Committee of Inquiry should be appointed to overhaul the Union's machinery and report to the Congress of 1931, showed its appreciation of the need of improvement.

Special Committee of Inquiry.

The committee, divided into a Majority and Minority, in due course reported, but the 1931 Congress accepted the proposal of the Central Board that its recommendations should be discussed for twelve months by the sections and districts. The final decision was, therefore, taken at the Glasgow Congress in 1932 when the recommendations of the Majority of the Special Committee were adopted, in spite of the declared opposition of the Central Board. The Minority Report, which revived

the old project of a full-time Board, was decisively rejected. The Majority's recommendations were translated immediately into amendments to the rules. The United Board, together with the Agricultural, Labour, and Publications Committees were abolished. In their place was set up an Executive, which supervises the various departments through direct discussion with their respective heads at its regular meetings. The Statistical Department was also detached from the Education Department and placed under the control of the Executive. The Central Education Committee was transformed into a National Educational Council and Executive, the former being composed of representatives of the Sectional Boards, theEducational Associations, the various National Guilds, the Secretaries' and Managers' Associations, and the National Union of Distributive and Allied Workers. This Council appoints its own executive of ten, five of whom must be members of the Central Board. Two representatives of the Co-operative Party, one a co-operative member of Parliament, were added to the Parliamentary Committee. In addition, a uniform system of area nomination and representation and sectional voting was adopted by all the Sectional Boards, honorary membership of the Central Board was abolished, and a new constitution for the District Association Executives was adopted.

The desire for co-ordination in matters of general external policy led the Special Committee to recommend, and Congress to adopt, the expedient of an entirely new joint committee, known as the National Co-operative Authority. This body is composed of the Executive of the Union, together with three representatives of the C.W.S., two of the S.C.W.S., one of the N.C.P.S., one of the Productive Federation, and two of the Co-operative Party. In the first year of its existence the new Authority encountered a question of first-class importance, that of taxation, on which solidarity and a common policy were essential. The degree of unity achieved, and the approval given by the 1933 Congress to the Authority's report, may be taken as an indication that its formation is justified in the eyes of active co-operators.

The Co-operative Union thus entered, in its seventh decade, a period of change in which its constitution and activities were very largely reshaped. Its work had outgrown its central office accommodation, and Holyoake House had to be extended in 1932 in order that its growing staff and new and developing departments might be adequately housed. Fortunately, its resources grow with the increase in the Movement's membership. In 1930, subscription income for the first time exceeded £50,000. For over 10 years it had embraced within its affiliated organisations over 98 per cent of the consumer co-operators in the British Isles. Nevertheless, for its size and importance the Union's work and constitution remain rather obscure, especially in comparison with those of the C.W.S. It signifies very little to the mass of the membership, and even less to the general public, even though every co-operative official knows it to be indispensable. Nevertheless,

since the course of events compels co-operators more and more to face large questions of policy as one body they cannot but use the Union to a greater extent as a means of finding and expressing their common opinions and general will. For this reason alone the Union may be expected to continue, for many a year, to be that part of the Movement which more than any other justifies the description of "a state within the State."

CHAPTER XXII.

PROPAGANDA AND EDUCATIONAL ORGANISATION FROM 1900.

By 1900, the beginnings of co-operative education as it is now interpreted had been recorded. Most societies had handed over to local authorities the classes in science, art, and commerce, which they had conducted, and were recognising the true sphere of co-operative education. The years 1900 to 1930 witnessed considerable developments, most of which can be conveniently examined in two periods divided by the war years.

Up to 1914, the curriculum offered in the Union's educational programme was gradually widened, and more societies undertook co-operative educational work. Educational grants—cut down in some societies that had not yet found their new mission in the changed educational situation—increased for the Movement as a whole, largely as a result of increased membership and trade, growing from £64,147 in 1900 to £113,226 in 1914. The number of students rose from 3,216 in the former year to 20,094 in the latter year, principally in consequence of the increase of enrolments in junior and intermediate co-operative classes (from 1,967 to 15,969), but partly as a result of the introduction of new subjects for adults and employees in the educational programme.

Perhaps the most important events during the period, so far as future developments were concerned, were the establishment of the Irish Women's Guild in 1906 and the National Co-operative Men's Guild in 1911, the organisation of the first Easter Week-End at Otley in 1909, the arrangement of the first continental tour in 1909, the holding of the first Co-operative Summer School at Castleton, Yorks, in 1913, and the appointment to the staff of the Union's Education Department of an Adviser of Studies who took up his duties in 1915. In 1914, as a result of a resolution passed at the Dublin Congress, the Co-operative Survey Committee was appointed, and its report and recommendations on educational and allied matters had no small influence upon post-war developments. These events call for fuller description. The guilds will be considered in a later part of the chapter: here, we shall confine ourselves to the work undertaken by, or in co-operation with, the Union's Education Committee which, until the constitutional changes made by the Glasgow Congress in 1932 were effected, was known as the Central Education Committee.

Pre-War Growth of Class Work.

Class work prior to the war was extended by the introduction of classes for adolescent co-operators (1908), classes in Economics (1906), in Secretaryship (1909), in Apprenticeship and Management (1910), *Auditing* (1914), *Elocution* (1912), *Literature* (1912), *Economics* of Co-operation (1913), and of special classes for women in Co-operation

and Citizenship (1912). The war years revealed new problems for co-operators; and in 1915 a course on the Co-operative Control of Raw Materials and Prices was introduced as a result of the interest stimulated by war-time revelations of the Movement's insecurity through supplies of many of the raw materials it needed being monopolised by private interests; and in 1917 two further courses—one on Co-operative Problems and one on "The Welfare of the Group" were introduced; but the systematic arrangement of the various subjects and their co-ordination as well as their substantial increase and the organisation of graded courses came after the war.

There was, as already pointed out, a considerable increase of class enrolments up to the outbreak of the war. But the war interrupted progress. Rooms in schools and other buildings that had been used for class purposes were commandeered for hospitals and for other war-time purposes; lighting restrictions and travelling restrictions hampered movement, particularly of young children; co-operative employees as well as other potential students along with teachers of co-operative classes were drafted into the army, or to the making of munitions or to some other war-time work that occupied their evenings, and often took them into another district, so that the number of students declined during the war years. Examinations grew in number and variety as the educational programme was expanded in pre-war years; and the 221 examinees of 1900 had increased to 7,299 in the examinations of 1914.

Easter Week-End.

The Easter Week-End series of meetings—now termed an Educational Convention—often described as the Movement's Educational Congress, merits a special paragraph. It is the largest, as well as the most representative, annual gathering of co-operative educationists under the auspices of the Co-operative Union, and to-day (1934) attracts an attendance of about 500 persons. It owes its origin to an annual conference of teachers which the Central Education Committee formerly convened for the discussion of teachers' difficulties and problems. In 1908 an experiment was made and the single meeting conference was extended to a series of meetings spread over the week end. The week-end was spent at Letchworth Garden City—then in its infancy—and the experiment was so successful that the Central Education Committee was encouraged to organise a further and more widely-representative week-end gathering at Easter in the following year at the Otley Holiday Home—then a Co-operative Convalescent Home. This week-end was even more successful than the meeting held at Letchworth. Co-operative educational enthusiasts who had previously known one another only by name came into personal contact, and from that contact gained a deeper faith in the objects of their work and greater enthusiasm for their attainment. Since 1909 an Easter Week-End has been held annually except for one or two years when, as a result of the war, rationing, restrictions upon travel, pre-occupation with

war-time claims and other war-time conditions made it difficult even for enthusiasts to organise a week-end with advantage. Beginning as a week-end meeting of co-operative educationists for general educational purposes, the Easter Week-End has since attracted the annual meetings of various groups of co-operators, and now (1934) the annual meetings of the Co-operators' Educational Fellowship, the National Co-operative Men's Guild, the National Guild of Co-operators, the Co-operative Educational Secretaries' Association, and the British Federation of Co-operative Youth are held during the week-end; and the British Federation of Co-operative Youth and the Woodcraft Folk each organises a demonstration which attracts a large number of those attending the week-end meetings. The annual report of the Education Department is by courtesy of the National Executive available for discussion during the week-end; and resolutions on educational policy submitted by societies' educational committees and educational associations are considered at another of the week-end meetings; whilst addresses by prominent educationists are also given. Although there is a plethora of business meetings and much valuable work is done at them, the chief benefits derived from the week-end are probably the renewal of old friendships and the making of new ones, the renewed consecration to educational tasks and the general stimulus given to the Movement's educational work. Undoubtedly the week-end has contributed to a growing unity among the educational workers of the Movement which is leading, though slowly, to the acceptance of a national educational policy, and to a strengthening and expansion of the Movement's educational work.

Summer Schools.

Co-operative summer schools arose out of the proposal to establish a co-operative college which was first introduced to a national meeting of co-operators at the Leicester Easter Week-End of 1912. The pioneers of the college proposals realised that they had to arouse among co-operators, very few of whom had attended a college, a recognition of the value of associated living as an educational environment and influence. The promoters knew that daily contact at a college not only stimulates discussions outside lecture hours of the subjects which the students are studying, but also leads to a general exchange of ideas which widens the students' outlook, whilst playing together as well as studying together and working together develops co-operative habits and also influences personal character and development. They believed that these co-operative possibilities should be fully explored and exploited by co-operators through the establishment of their own educational agencies. The summer schools, they thought, would familiarise those who attended them with the possibilities of co-operation in education and in associated living. In this respect the advocates of the college were certainly right, for the summer schools undoubtedly paved the way for the success of the propaganda on behalf of the Co-operative College as well as providing, in themselves, educational benefits that were shared by the Movement as a whole.

The Central Education Committee had first to be convinced that a Co-operative Summer School was a practicable proposal, and, after this had been achieved, the committee organised the first school. It was of a fortnight's duration and was held in 1913 in a boarding house at Castleton (Yorks.). The success was instantaneous; and those who attended or visited the school immediately recognised the great value of the new type of educational work. In the following season a boarding school at Arnside was taken for a month, and despite the outbreak of war whilst the school was being held, it, also, was a great success. Very shortly a school was organised in Scotland and, later, one in Ireland. Practically every year since 1914 has seen an expansion of the Summer School Programme; and summer schools are now organised annually for adults at several centres, for junior co-operators, for adolescent co-operators, for advanced students, for secretaries and cashiers of societies, for salesmen and for managers; and less frequently for teachers and for educational secretaries. In 1921 the Central Education Committee initiated the International Co-operative Summer School, the first of which was organised at Basle in Switzerland. The School has since been organised in most European countries, and has now been handed over to the International Co-operative Alliance. The summer schools have been of great assistance in strengthening the Movement's educational work. Not only have they introduced many co-operators for the first time to co-operative education, but they have stimulated others to further study, they have strengthened interest in all the educational work of the Movement and have assisted societies by providing an increased supply of teachers and of serious students.

Some Post-War Changes.

So far we have been concerned with educational activities initiated in pre-war years, though we have reviewed the development of some of these activities in post-war years. But the war years and the post-war years saw the larger measure of initiation and development of educational activities. Until 1915, there had been no member of the staff of the Union academically qualified for advising the committee in charge of the educational department in regard to syllabuses and kindred phases of the Movement's educational work. Excellent service had been rendered in these fields by the members of the committee and by friends outside it; but the growth of the work, the need for extensive development and above all the necessity for planning well-thought-out courses and co-ordinating the class work outlined in the Committee's Educational Programme called for the whole-time services of an academically qualified person. An Adviser of Studies was, therefore, appointed. He undertook his duties in 1915, and developments followed rapidly and continuously after his appointment. Despite the war-time difficulties, day-time lectures and classes for whole-time students were commenced at Holyoake House before the end of the war to a small number of students, including some from overseas, and thus the nucleus of a college organisation was created.

At first the Adviser of Studies was the only lecturer; but in 1916 a lady lecturer was added to the staff; and other additions have since been made, so that at the present moment (1934) there are at Holyoake House thirteen whole-time teachers and lecturers in addition to the Adviser of Studies who acts as College Principal. Some of the teachers of technical subjects visit other towns to conduct classes; and all parts of England and Wales have been visited by them during recent years, so that a number of their students qualified to act as teachers of classes in Salesmanship now exist in these areas to carry on the work which the lecturers from headquarters initiated. In addition to the lecturers already mentioned, there is a resident teacher in the South-Western Section (who is jointly supported by the Joint Committee on Technical Education and the societies in the South-Western Section), and a resident teacher in London (jointly supported by the Joint Committee on Technical Education and by the four London societies) whose time is principally occupied in organising and supervising classes in technical subjects on behalf of the four London societies.

Co-operative College.

The increase of the staff at headquarters naturally facilitated the development of the work of the Co-operative College which began with the simple start in war years. A hostel in which college students could reside was opened at Kersal in 1923 and a neighbouring house was acquired in 1932 to extend the residential provision thus made. The college lectures have continued at Holyoake House; and the growth of the college work and the general extension of the activities of the Education Department contributed to the pressure upon the available accommodation at Holyoake House and led to its extension in 1932 when the whole of the old building was assigned to the Education Department and its classes.*

The promoters of the college realised that it would be folly to erect a large building for college purposes and expect to fill it immediately with students. Moreover, the Movement had had no experience in organising college work and college life, and it was deemed desirable that the Movement should create its own traditions and establish a college that would not necessarily be a replica of existing colleges. If existing colleges had been prepared, or fitted, to meet the needs of co-operators, there would have been no need to establish a special one for co-operators. But the purpose of co-operative education being different from the purpose of education as represented in other educational institutions, the college had to be established within the influence of the Movement itself. Everything pointed to the desirability of beginning in a small way and growing to larger achievements. The headquarters of the Union situated in a centre of considerable and

*Teachers' rooms, class and lecture rooms, offices for the administrative staff, and for the large and rapidly-growing correspondence lesson department, a well equipped library and a students' common room are now provided and make possible the efficient organisation of one of the Union's largest departments, and one of the most important adult and technical educational organisations in the country.

varied co-operative activity, and near to the headquarters of the Co-operative Wholesale Society seemed excellent for the commencement of the college work; but the larger vision of a building for both residential and teaching purposes has existed from the time when the college proposals were made in 1912.* Propaganda by a voluntary body of supporters of the college established after the 1912 conference and known as the *College Herald Circle* had succeeded in creating sufficient interest and support to warrant the Co-operative Union convening a meeting at Holyoake House, Manchester in May, 1914, for the consideration of the proposals. Representatives from all the national co-operative organisations were invited, and the following resolution was passed:—

> "This meeting of delegates appointed by representative co-operative organisations heartily approves the proposal to establish a co-operative college on the general lines suggested in the Co-operative Union paper, 'A Co-operative College' (but with such modifications as may be thought desirable), and requests the authorisation of the organisations here represented to continue to act as a provisional committee, with power to co-opt representatives of other co-operative organisations as may be deemed desirable, for the purpose of undertaking preliminary work.
>
> "This provisional committee ask the United Board of the Co-operative Union:—
>
> "(*a*) To arrange for propaganda work on behalf of the co-operative college proposals in conjunction with other organisations.
>
> (*b*) To prepare for the realisation of the full scheme by developing educational work at Holyoake House and the Summer Schools, so that experience may be gained and a nucleus of students secured."

The war delayed any further official action by the Union in launching the scheme; but interest in the proposals was maintained by the voluntary propagandists and, as we have seen, lectures by the Adviser of Studies were commenced at Holyoake House before the war was over. The next step was the discussion of the project at the 1919 (Carlisle) Congress when the following resolution submitted by the Walsall Society was adopted:—

> "That this Congress is of opinion that a co-operative college is essential to the welfare and development of the Co-operative Movement, and that no worthier memorial of the Peace and of those co-operators who have served and fallen in the war could be established than an institution for the dissemination of the principles of Co-operation and harmony in industrial and international relationships. It, therefore, instructs the Central

*A co-operative college was mooted many times during the nineteenth century.

Board to organise a fund forthwith for the establishment of such a college, to which co-operators and co-operative organisations may be invited to subscribe."

Steps were immediately taken to give effect to the resolution. An appeal for £50,000 was issued, and the contributions and promises of societies were being received when the big fall in prices and the trade slump of 1920 created a difficult business situation for retail and wholesale societies. Dividends fell, reserves were drawn upon, and societies had to think more of self preservation than of launching a large educational experiment. These were the circumstances when a grant of £10,000 by the Co-operative Wholesale Society came forward for consideration. The members' meetings passed the grant by a small majority; but a referendum of societies was called for by the Royal Arsenal Co-operative Society.* There was some objection to the grant on principle, some co-operators thinking that existing working-class colleges—one of which was heavily in debt to the Co-operative Wholesale Society—could meet the Movement's needs; but the referendum was taken at a moment when the trade situation had become unfavourable and the vote was against the grant. Trade difficulties of one kind and another, most arising from serious unemployment in mining and other areas, have existed ever since and the appeal for the £50,000 has never been renewed. £17,621 was promised and £9,728 was contributed; but no doubt much of the amount promised and unpaid would be paid if a call were made. The amount paid over has, nevertheless, proved invaluable in providing the funds necessary for purchasing and equipping the present hostel buildings.

But buildings of themselves are insufficient to constitute a college: students are required; and in this respect continuous progress can be recorded. The two wholesale societies and an increasing number of retail societies provide scholarships tenable at the college, whilst some students attend at their own expense, the total number of students in attendance annually being at present about 30. It was always one of the hopes of the promoters of the college that it would serve as an agency for bringing together students from countries other than Britain, as well as from British societies, and in this respect their hopes have been realised. Since the commencement of college work, students have been received from most European countries—there exists a scheme for the interchange of students annually between the college and the International People's High School, Denmark—and from distant countries including Japan and Australia, and no session has passed without there being at least one student present from India. Whilst Co-operation in its various phases—historical and administrative—is the most important subject in the curriculum, instruction is available in all the subjects included in the educational programme.

The establishment of the college has also fulfilled another purpose, which its founders had in mind, viz., to provide societies with an

*The society now grants annually four scholarships, tenable at the college.

increasing number of qualified teachers; and the realisation of this purpose has been an important contributory cause of the expansion of class work during recent years.

Post-War Class Work.

The increase in class work since the end of the Great War has been phenomenal. A large increase in the number of students has been accompanied—indeed has been largely caused by—an extension of the curriculum and a rising standard in the quality of work undertaken in the classes. The new subjects introduced since the war are too numerous to be detailed here, but it may be stated that forming part of well-graded and co-ordinated courses they provide courses equal in comprehensiveness, scope and standard to the degree courses of the modern university. Whilst adequate provision is made for the needs of junior students, for no substantial superstructure can be erected save upon sound foundations, recent developments have largely consisted of the addition of advanced subjects; and students are guided by the arrangement of various group certificate and diploma courses provided respectively for book-keepers and cashiers, secretaries, apprentices, salesmen, branch managers, departmental managers, and general managers, whilst students of co-operative and social subjects are provided for by a Co-operative Honours Diploma Course and a Social Science Diploma Course. Those who gain the Secretarial Diploma, Co-operative Managers' Diploma, Co-operative Honours Diploma, and Social Science Diploma are entitled, like university graduates, to use specified letters to indicate their success. The number of students organised in classes by local and central bodies on the syllabuses included in the Educational Programme was 20,839 in the Session 1918-19 (17,947 in junior and intermediate classes, 1,691 in adult classes in social subjects, and 1,201 in classes in technical subjects), and had risen to 53,498 in the Session 1933-34 (33,744 in junior and intermediate classes, 4,011 in adult classes in social subjects, and 15,743 in classes in technical subjects). A decline of 2,500 students of social subjects between 1931-32 and 1933-34 was due to the transfer to local societies of the organising of special classes for women in the subject of "Co-operation and Citizenship," which the Union organised for twenty years. Examinations are not the objective of co-operative education, but they are available for all adult classes and some junior classes. About 14,000 students present themselves for examinations annually, certificates and summer school scholarships being granted to successful candidates, whilst a number of special examinations for local societies are also conducted by the headquarter's staff.

During recent years, co-operation with local education authorities has been sought; and an increasing number of societies now arrange some or all of their classes—particularly those in technical subjects—under the auspices of the local education authority. It is an indication of the soundness and good quality of co-operative educational work that in no case where this co-operation has once been established has the

local authority withdrawn its co-operative assistance. An important phase of the work in some towns is class work, usually organised under the auspices of the local education authority, for junior employees on the lines of continuation school classes; and some societies make attendance at such classes compulsory and allow their young employees time off to attend them.

An important part of the tuition undertaken by the staff of the Education Department of the Union and the Joint Committee on Technical Education is by means of correspondence classes which enable students in districts where there is no oral class to study a selected subject under the guidance of a well qualified teacher. From 234 in Session 1910-11, the number of correspondence students had increased to 2,269 in the Session 1933-34.

Parallel Developments.

The various courses of instruction being designed to meet the needs of co-operators, it has been necessary for the Movement to prepare special text books to meet the needs of students, and the list of text books is a considerable and steadily lengthening one. In addition to its responsibility for preparing these text books, the Education Department is responsible for the preparation of the Educational Programme, containing syllabuses of instruction and other information for students, teachers, and organisers of classes, and for the *Co-operative Educator*, which is published quarterly for the same group of educationists. To enable ex-students and other interested co-operators to maintain a contact with the Movement's education work and with one another, as well as to continue their own education and extend educational facilities to guild branches and other organisations, the Co-operators' Educational Fellowship has for some years been doing valuable work.

To explain in detail the whole of the educational work of the Movement would make the following of this chapter too wearisome; but brief reference must be made to the continued existence of the Hughes and Neale Scholarships mentioned in an earlier Chapter, to the large number of week-end and one-day schools organised by the Co-operative Union, local societies, and other co-operative organisations, to the week-end schools for members of co-operative committees organised by the Scottish sectional board and some sectional boards in England, to the schools and conferences organised by the sectional and district educational committees' associations and to the lectures, concerts, galas, demonstrations, propaganda meetings, and sundry activities organised by local co-operative education committees. There has been a considerable expansion of the educational work of local societies, partly due to the appointment by a number of societies of whole-time educational secretaries, and partly due to the increased allocations for education—the grants for education in retail societies which amounted to £62,819 in 1900 and £110,130 in 1914, rose to £231,494 in 1932 which was slightly less than in some previous years due to a shrinkage of surpluses owing to a decline in trade values caused by falling prices.

Constitutional changes effected in the Union's educational machinery, the constitution of the Joint Committee on Technical Education, and other matters relating to the Movement's educational machinery and work are dealt with in Chapter XXIX.

The Guilds.

Supplementary to the educational committees of local societies and the Co-operative Union, much work of educational and propaganda value is undertaken by the various guilds and other voluntary bodies. The Women's Guild of England and Wales and the Scottish Women's Guild existed at the commencement of the century; the Irish Women's Guild was formed in 1906, the National Co-operative Men's Guild (now confined to England and Wales) was established in 1911, and was followed by the establishment of a Scottish Men's Guild in 1922, the latter guild eventually securing adhesion of the Scottish branches of the National Men's Guild. The National Guild of Co-operators which admits both men and women to membership was nationally organised in 1926. Without including unimportant matters about these various guilds, it would be possible to describe them at great length; but as their annual reports are available, interested students can obtain desired information from them.

Survey Committee.

Before closing this chapter, some reference must be made to the report of the Co-operative Survey Committee appointed under the decision of the Dublin Congress. The committee divided itself into three sub-committees, one of which investigated education and propaganda and made important recommendations, some of which have already been carried out and others are being more slowly realised. The main report of the Education Committee was made to the Swansea Congress and it may be read in the report of that Congress. It is not possible to review all the recommendations here; but the principal ones favoured the establishment of a co-operative college, the allocation for educational purposes by the Union of not less than 20 per cent of the subscriptions paid by society members, the appointment of travelling teachers, the allocation of education grants in retail societies upon a membership basis instead of as a percentage of profits, the organisation of educational activities by the wholesale societies, the publication of a series of new text-books and other publications, and the organising of annual shopping weeks and a national advertising campaign—which has since materialised as the annual propaganda fortnight—whilst the amalgamation of the Co-operative Newspaper Society and the society responsible for the publication of the *Scottish Co-operator* was recommended and ultimately achieved, the amalgamated society being registered as the National Co-operative Publishing Society Limited.

Propaganda.

Propaganda from headquarters has for many years been entrusted to the Joint Propaganda Committee, representative of the Co-operative Union and the Co-operative Wholesale Society. It operates only in England and Wales, Scotland having its own propaganda machinery. The Joint Propaganda Committee employs whole-time propagandists whose function is to take the co-operative message into new districts and to help societies in difficulties or desiring to organise special propaganda campaigns. Formerly a special committee representing the Union, the two wholesale societies, the Co-operative Productive Federation, and the Secretaries' and Managers' Associations was responsible for organising the Annual Trade and Business Conferences which were initiated in 1921 for the purpose of providing opportunities for discussing the various business problems and questions which face the Movement. As a result of the constitutional changes adopted by the Glasgow Congress, however, the special committee was disbanded; and those bodies which were represented on it and are not represented on the Joint Propaganda Committee appoint representatives to sit with members of the latter committee (now known as the Joint Propaganda and Trade Committee) when the conferences are under consideration. The Trades and Business Conferences have done invaluable work during the fourteen years since their establishment; and there can be no doubt that they have been responsible for the dissemination of many new ideas and have made important contributions to the business efficiency of the Movement.

CHAPTER XXIII.

INTERNATIONAL CO-OPERATION.

Necessity of International Co-operation.

International Co-operation, in the sense of mutual consultation, joint action, and the pursuit of a common policy by the co-operative organisations of the different countries, is one of the later phases of co-operative development, but one which the Movement's own nature and the trend of economic progress render necessary and inevitable. Co-operation is to-day a world movement, because the Industrial Revolution is also a world movement. Although co-operative movements are not in every country a consequence of the Industrial Revolution, yet in most countries the change from domestic to factory production and from cultivation for subsistence to cultivation for the market has resulted in co-operative organisation on the part of artisans, wage-earners, and small cultivators, who almost always suffered from it. During the 19th century the Industrial Revolution spread from Great Britain to the continent of Europe, and to North America. Its influence was first felt in France and Belgium, later in Germany and Czecho-Slovakia and, by the end of the century, in Russia and Scandinavia. During the present century it has moved forward at an increasingly rapid pace in Japan, China, India, and South America. Those parts of Africa which have been conquered and settled by European people have also come under its influence. Except in agriculture, where Co-operation has itself again and again served as the instrument of change by enabling the farmer to introduce scientific processes and to reach distant markets, the Industrial Revolution has been almost always promoted by capitalists. Co-operation represents an attempt on the part of the common people to preserve their standards of living and maintain their economic freedom, which capitalistic enterprise, aiming almost solely at business profits, threatens and may even destroy.

Moreover, Co-operation, once begun, is capable of being extended almost without limit in a number of ways. Co-operative movements often begin with an attempt on the part of a group of people in a particular place to organise for themselves some service that they find defective. Wage-earning workers, dissatisfied with the service of the private retail trader, form stores; peasant proprietors, oppressed by the exactions of the village money-lender, form credit societies. For the moment they are concerned only with one particular need and their own situation, but even if they undertake no propaganda they can be imitated by people in other places with similar needs. Or again, if they successfully apply Co-operation to the solution of one problem they are likely to apply it to another. Thus farmers, when they have succeeded in obtaining credit through Co-operation, often

obtain their agricultural requisites or sell their produce by the same method. So Co-operation grows both extensively and intensively, and this growth becomes as a rule more rapid when there exist a sufficient number of societies to set up a joint association or federation to serve their common interests. Such federations, even though they may begin by serving only regions, develop as a rule, either by growth or by fusion, into national organisations. But in the world of to-day, in which import and export trade constitute the means by which many of the most ordinary wants are satisfied, national co-operative organisations formed for commercial purposes find themselves obliged to engage in international trade. Thus the Co-operative Wholesale Society in discharging its task of procuring consumable goods for the members of the British co-operative societies has had to develop a system of agencies and depots which links up its headquarters in Manchester with every continent of the globe. What the C.W.S., the largest and oldest of the wholesale societies, has been obliged to do many other wholesale societies find necessary when their development has reached a certain stage. Or again, when the Canadian wheat growers determined in 1923 to organise the co-operative marketing of their grain they entered upon a policy which led them, not merely to set up an organisation for handling grain, which, in a few years dominated the export wheat trade of Canada, but also to send agents overseas to keep in touch with their chief markets. National co-operative organisations cannot, because of the very nature of their business, keep their operations entirely within their own frontiers. Outside their own countries they can either hinder one another as competitors, or assist one another as co-operative organisations should. The need of an international organisation to connect and unite the various national units thus arises in a manner entirely natural from the Co-operative Movement's normal development.

International Co-operative Relations.

The idea that Co-operation could surmount the barriers of nationality, race, creed, and colour that divide mankind was present to the minds of co-operators in the Movement's early days. Robert Owen's Association of All Classes of All Nations is evidence of this. The Owenite co-operators, moreover, were interested in schemes of social reform originated in other countries, witness the series of articles in the journal, *The New Moral World*, explaining and criticising the self-supporting communities of Fourier, whose teaching has inspired much notable co-operative effort in France. The outbreak of the Revolution of 1848 was hailed by William Pare and other Owenites as the beginning of the millenium that Owen had so often prophesied, and at Pare's urgent request Owen went to Paris to give the Revolutionary Government, then preparing to reorganise industry on co-operative lines, the benefit of his ideas and experience. The inspiration which the English Christian Socialists drew from the French co-operative workshops of the revolutionary period is well known. Moreover, the

reaction which followed the Revolution of 1848 had the effect of spreading knowledge of Co-operation by dispersing the revolutionary leaders over Europe as political exiles. During the eighteen-fifties a number of exiles from every European country in which reaction was for the time triumphant, found their way to London, and mingled freely with British people who were engaged in radical politics and social reform movements. G. J. Holyoake, in particular, was on friendly terms with many of them, and it was one of these, Alfred Talandier, who translated Holyoake's "History of the Rochdale Pioneers" into French, and so helped to spread in France the knowledge of the Rochdale system. The Christian Socialists also entered into correspondence with people of similar views on the Continent. One of their correspondents, Professor Huber, made several journeys to England and became the first propagandist of Rochdale Co-operation in Germany. William Pare in the later part of his life travelled over a great deal of Europe as the representative of an iron foundry, and wherever he went spread a knowledge of, and created an interest in, the Co-operative Movement. Perhaps Pare was the Englishman whom Pastor Sonne, the pioneer of store co-operation in Denmark, once met on a journey and from whom he gained his first knowledge of Rochdale Co-operation. It is certain, however, that one of the earliest societies ever formed in Norway was brought into existence on Pare's initiative at an iron works that he used to visit.

The extent of the communication and correspondence between Co-operators of different countries was revealed at the London Congress of 1869, which was attended by French, German, Swedish, Swiss, Italian, and Danish Co-operators. For many years afterwards correspondents in different countries used to send reports on the state of their respective movements to the Central Board for inclusion in its reports to Congress. Occasionally students and pioneers of Co-operation from the Continent or from America were present and spoke at Congress. At the 25th Congress, held at Derby, in 1884, Mr. Harold Cox, who had been studying the working-men's productive associations in Paris, brought a message to the Congress from the Parisian co-operators. As a result the Congress agreed to the appointment by the Central Board of a Foreign Inquiry Committee for the purpose of the systematic collection, through direct correspondence with co-operative organisations, and through the consular service, of full information concerning the co-operative movements of the world. In the following year, when the Congress was held at Oldham, two French representatives were present. In the interim, the Central Board had received an invitation to be represented at the first Co-operative Congress held in France, and it appointed E. V. Neale, G. J. Holyoake, and James Johnston as delegates. In the following year, when the British Congress was held at Plymouth, Edouard de Boyve was present as fraternal delegate from the French Co-operative Movement and, in his speech to the Congress, added to the friendly greetings and thanks of the French Movement for the assistance rendered by the British,

definite proposals for the constitution of an alliance between the French and British movements. These proposals ultimately led to the formation of the International Co-operative Alliance.

Foundation of the International Co-operative Alliance.

De Boyve suggested as practical measures the appointment of a committee with its headquarters at Manchester, which should enter into correspondence with all the co-operative centres of Europe, Australia, and America. It would encourage them to advocate and apply Co-operative principles, particularly to the settlement of labour troubles, and would induce them to be represented at each other's Congresses or, if the distance were too great, to exchange reports on the condition of Co-operation in their several countries. This Committee, which would be first an Alliance of British and French Co-operators, would be able to rally round it all other countries. Neale and de Boyve appear to have anticipated that the new organisation would be brought into existence within twelve months. As it happened, in spite of the energetic propaganda that they carried on at successive British and French Congresses, the project did not advance a step nearer realisation until after Neale's retirement from the general secretaryship of the Co-operative Union.

At the Rochdale Congress in 1892, and at the Co-operative Exhibition which was held at the Crystal Palace in the same year, further meetings of those interested, that is to say, Neale, E. O. Greening, G. J. Holyoake, Joseph Greenwood, and the French Co-operators, de Boyve and Charles Robert, were held, with the result that an International Alliance of Friends of Co-operative Production was constituted. Shortly afterwards Neale died. A little later Greening enlisted Henry W. Wolff, who was then becoming recognised as an authority on Co-operative Credit. Very little headway was made for three years, chiefly because the Co-operative Union refused its support. Eventually it became clear to the founders of the Alliance that their insistence upon profit-sharing as an essential co-operative principle would prevent them from ever gaining the adherence of many important co-operative bodies. When at last they waived the point, the Co-operative Union very willingly gave its assistance in preparing for the first International Co-operative Congress which assembled in London in 1895, and gave birth to the International Co-operative Alliance.

Development of the International Co-operative Alliance.

The first task of the leaders of the Alliance was to secure the support of as many co-operative bodies as possible. For some years the Alliance continued to recruit individual members, but after Mr. Wolff became President he undertook a number of journeys to the Continent, and brought into the Alliance a large number of important co-operative organisations of all types, industrial and agricultural, productive and distributive. The delegates of these organisations, at the Manchester International Congress in 1902, succeeded in carrying an amendment

to the Constitution providing that no more individual members were to be admitted, and thus ensured that henceforth the Congress would consist of Co-operators who expressed not their own opinions merely but the ideas and sentiments of organised groups of Co-operators in their own countries. By this time it was clear that the Consumers' Organisations were to predominate in the Alliance, and their leadership was emphasised by the election in 1907, of William Maxwell, chairman of the Scottish C.W.S., as president in succession to Henry W. Wolff.

About the same time Dr. Hans Müller became secretary, and during his period of office the Alliance first began, in April, 1908, to issue a monthly Bulletin in three languages, English, French, and German, which from the beginning of 1909 was printed. The International Co-operative Bibliography had already appeared in 1906. In 1909 was published the first International Directory of the Co-operative Press, and in 1910 the first Year Book of International Co-operation. The eighth Congress held at Hamburg, in 1910, was chiefly notable for a comprehensive revision of the Rules. The withdrawal some years before of a number of Agricultural and Credit Societies had made agreement on a common basis of principle much easier to find, but the desire of many continental co-operators to make the Alliance a Federation of National Co-operative Organisations was opposed by Great Britain. At this time the Alliance had several hundred local societies affiliated to it, and the majority of these were British.

International Co-operation and the War.

The last Congress of the Alliance before the war was held at Glasgow, in 1913. Just previously Dr. Müller resigned on account of ill-health, and Mr. Henry J. May, then secretary to the Parliamentary Committee of the Co-operative Union, was appointed to succeed him. The Congress itself is chiefly remembered for the resolution on International Peace, which was carried with great enthusiasm. It says much for the sincerity of the delegates who passed this resolution that the war which broke out less than twelve months after did not mean the dissolution of the Alliance, although it necessarily meant the suspension of many of its activities. The French and German editions of the *Bulletin* ceased for a time to appear, but the English edition was published continuously. Means were eventually found of sending it through Holland to Germany, so that German Co-operators could continue to produce the German edition. Throughout the war, mainly through the good offices of Mr. G. J. D. C. Goedhart, the Dutch representative on the Central Committee, the General Secretary was kept informed of what was happening to the co-operative movements in the Central European countries. Representatives of the co-operative organisations in the countries allied with Britain during the war, met in Paris, in 1916, and again in 1919. In April, 1920, representatives of the co-operative movements of neutral countries

joined with these in a conference at Geneva, and this paved the way for the first meeting, after the war, of the whole Central Committee, which was held at The Hague, in October of the same year.

The first Congress after the war was held at Basle, in August, 1921. Eight years had elapsed since the previous one, and in that time not merely the Co-operative Movement but the whole world had been transformed. In many countries war conditions had resulted in unprecedented co-operative expansion, and their co-operative movements were both stronger because of their greater membership and increased capital resources, and bolder because they had in a comparatively short time overcome all manner of difficulties, and had advanced considerably in the public esteem. The dismemberment of the Austrian and Russian Empires gave rise to new co-operative organisations in the young States which secured their independence. In Russia successive revolutions changed the outlook and policy of the Co-operative Movement, as well as the personnel of its leaders. The palpable breakdown of ordinary capitalistic economic activity in the field of international exchange appeared to offer co-operators greater opportunities than they had yet had of developing their own international business connections and protecting the common people against the exactions of the speculator and profiteer. The Basle Congress, therefore, marks the beginning of a new era in International Co-operation. Once again the constitution of the Alliance was overhauled. The Executive Committee, which had hitherto consisted entirely of British representatives, became an international body. Sir William Maxwell on account of advancing years, resigned, and was succeeded as President by Mr. Goedhart. The Congress ratified the decision of the Executive Committee to recognise "Centrosoyus," the Central Organisation of the Russian Co-operative Movement under the new regime, as the authority entitled to nominate members of the Central Committee, and to appoint delegates to the Congress. The Congress also discussed two important matters of policy. The first was International Co-operative Trade and the possibility of an International Co-operative Wholesale Society. The other was that of the attitude which the International Co-operative Movement should take up towards world economic problems, and in particular to economic policies, such as protection and free trade.

Constitution and Work of the Alliance.

The constitution of the International Co-operative Alliance remains to-day substantially as it was determined by the Basle Congress. Under the rules, four types of co-operative organisation are eligible for membership, namely, national unions and federations of co-operative societies, such as the Co-operative Union and the Wholesale Societies; regional federations, such as the United Co-operative Baking Society; primary co-operative societies; and national auxiliary bodies, such as the Men's and Women's Guilds. In deciding whether a given organisation is co-operative or not, the Alliance disregards its legal

status and simply requires that the organisation, if it is a consumers' society, shall conform to Rochdale principles. If it is not a consumers' society the Alliance requires that its objects shall be the social and economic benefit of its members, and that its practice shall observe the principles embodied in the rules of the Alliance, and laid down by the resolutions of International Co-operative Congresses. Supreme authority is vested in the Congress of delegates of its affiliated organisations, which meets once every three years. In the intervals between the Congresses it is governed by a Central Committee representing the National Organisations and meeting once every twelve months. Immediately after each Congress the Central Committee elects from among its members the President of the Alliance, who normally takes the Chair at Congresses and at meetings of the Central and Executive Committees, as well as two Vice-Presidents. The Executive Committee is formed by the President and Vice-Presidents, together with eight other members of the Central Committee, also elected by the Central Committee immediately after each Congress. The Executive Committee meets as a rule once every three months. The execution of the decisions of the Congress and the Central and Executive Committees is entrusted to the General Secretary, who also directs the activities of the Alliance. The income of the Alliance is derived principally from subscriptions paid by its members; it also adds a much smaller sum to its annual revenue by the sale of its publications. The subscriptions payable by the affiliated organisations are fixed at various rates according to the type of organisation and its size. The minimum subscription for national organisations, whether federations, unions, or auxiliaries, is £20 sterling per annum. Co-operative societies pay on a sliding scale which ranges from £1 1s. for those with less than 1,000 members to £50 for those whose membership is above 200,000. In certain countries, but not in Great Britain, the co-operators prefer to pay a collective subscription, that is to say, a national union or federation will pay a sum which includes the £20 minimum for itself and £10 for each national organisation affiliated to it, and a smaller sum, varying according to membership, for each of its affiliated societies.

With its small income the Alliance has so far been able to attempt only a portion of the programme of work that was planned for it at the end of the war—a programme that includes very much more than the holding of international congresses and the collection and distribution of information. Those who drew up the programme wished to see the Alliance organising propaganda meetings in great centres for spreading the co-operative faith, holding exhibitions of co-operative productions, publishing books and pamphlets dealing not only with Co-operation but with all the economic problems with which co-operators are concerned, collecting statistics of the development of the Movement, establishing at its headquarters a permanent library and press exchange for news and literature, helping forward international

co-operative trade and banking, assisting the co-ordination of co-operative productive enterprise throughout the world, as well as entering into relations with other international bodies such as the international Federations of Trade Unions, the International Labour Office, and the League of Nations. Its mission, in short, is to unite the scattered co-operative movements of the world into a coherent whole and to focus the will and intelligence of co-operators so as to make their influence felt in world affairs.

Despite its limited financial resources the Alliance, during the past twelve years, has successfully attacked this gigantic programme of work at many points. Apart from its endeavours to promote International Co-operative Banking, Trade, and Insurance, described later in this chapter, the achievements of the Alliance in spheres other than economic are worthy of note. In 1923 it instituted the annual festival, International Co-operative Day, which has since been celebrated every year on an ever-increasing scale by the co-operative organisations of a growing number of countries. It has secured the adoption by co-operators everywhere of the rainbow as a common symbol, and designed a badge which co-operators of all nations can wear. In 1929 it took over from the British Co-operative Union, with which it had collaborated for the purpose since 1926, the organisation of the annual International Co-operative School. In the same year it called together the co-operative journalists in a special conference as a preliminary to the conference of the Co-operative Press, held at Vienna in 1930, and established its own International News Service of co-operative and economic information. In 1928 the *Bulletin* was enlarged and renamed the *Review of International Co-operation*. Since 1927 the Alliance began collaboration with the International Labour Office in the collection of co-operative statistics. Early in 1931, the Alliance created a special department for economic research, and the results of its work are to be seen in a growing series of reports on economic questions of interest to co-operators such as "State and Municipal Trading" and "The Organisation and Cost of Retail Distribution."

In 1927 the Alliance was invited by the Council of the League of Nations to be represented at the International Economic Conference held that year at Geneva. The General Secretary therefore took part in the conference, as did several members of the Central Committee, who had been appointed as the delegates from their respective countries. The part that they played and the information that was collected and presented to the conference by the Alliance and various national co-operative organisations compelled the statesmen, economists, and business men there assembled to recognise that the Co-operative Movement had become a world force, and to admit that co-operative methods, especially as applied to agriculture and distribution, were indispensable to the solution of many urgent problems. More recently the Alliance has endeavoured to reclaim the "co-operative deserts" of the world, and to assist the scattered and struggling movements,

such as that of Canada, which have to contend with great distances, and which lack strong central unions. In 1928 the General Secretary went on a mission to Canada, and established contact with the Co-operative Wheat Pools, the great organisation of farmers which joined the Alliance in 1930. By thus bringing farmers' and consumers' organisations into friendly collaboration the Alliance opened a way to a solution of one of the Co-operative Movement's most urgent problems, the establishment of equitable and mutually helpful relations between producer and consumer.

Co-operative International Trade.

From the earliest days of the Alliance Co-operative leaders could foresee the possibility of a regular international exchange of goods between co-operative organisations. Every consumers' wholesale society in time becomes an importer of goods. Some societies send their buyers overseas and establish permanent offices or depots in distant lands. The C.W.S., in order to penetrate the best markets, has established depots in every continent. Several European wholesale societies buy constantly in the London market, and some have offices in London. But when the Alliance was founded, and for many years afterwards, many of the Continental wholesales were still in their infancy, and therefore unable to engage with the English and Scottish Wholesales as equal partners in a joint venture. Hence nothing more was achieved before the war apart from the joint tea and cocoa enterprises of the two British Wholesale Societies, than a little direct trading between one wholesale society and another. During the war, however, an advance was made towards more ambitious undertakings. In 1916 the wholesale societies of Denmark, Sweden, and Norway formed a federation, the Scandinavian Co-operative Wholesale Society (Nordisk Andelsforbund) for the joint purchase of coffee, colonial produce, and the vegetable oils which they need for the manufacture of soap and margarine. The question of intertrading was also raised at the conferences of co-operative organisations of the allied countries, held at Paris, in 1916 and 1919. After the war a joint committee of representatives of wholesale societies began to meet regularly in order to organise the collection of information and discuss ways and means of common action. Although the general depression in trade compelled each society for the time to look to its own concerns, information about the co-operative demand for and supply of various kinds of goods continued to accumulate. The regular meetings of the joint committee resulted in closer acquaintance and a better understanding between the representatives of the various organisations. In March, 1924, they decided to form the International Co-operative Wholesale Society, and at the beginning 25 wholesale societies decided to affiliate.

The formation of the International Co-operative Wholesale Society meant little more at first than that a proper constitutional basis had been provided for the Committee. It was not intended to trade on its own account, but to continue the work of the committee in assisting

the national wholesale societies to trade with one another. The secretary of the C.W.S. was, as before, secretary to the committee, and the work of collecting and distributing information was carried on from Manchester. The next step was to induce the several wholesale societies to create export departments, such as the C.W.S. already had, or at least to appoint an official whose special concern should be foreign trade. One by one they began to adopt this course. The policy of direct trading between the wholesales had the advantage of yielding immediate results in the shape of goods exchanged. The introduction of the I.C.W.S. was held to offer no obvious advantage but rather the disadvantage of bringing in an unnecessary intermediary. A different view, however, was taken by the Swedish Co-operators, one of whom* has pointed out that direct trading would in the long run give rise to difficulties and dangers, and was in any event unsound in principle. A national wholesale society supplying its other wholesale societies from its surplus production, was in a similar position to the Rochdale Pioneers, when they supplied neighbouring societies from their wholesale department. Just as that arrangement engendered dissatisfaction in the long run, and was abandoned in favour of a federal wholesale society, so the management by a single national wholesale society of enterprises on which other national wholesales are dependent will also prove unsatisfactory, and for similar reasons. The conclusion of his argument was, of course, that the I.C.W.S. should launch out in business on its own account as soon as possible.

Whichever policy may prove the better, the growth of co-operative international trade seems unlikely to be rapid for some time to come. For one reason the total volume of co-operative production is still comparatively small, and its variety is limited. Not even the most highly developed of consumers' co-operative movements manufactures much more than half of the goods sold in its retail shops. Four-fifths of their total productive output consists of foodstuffs which are almost all consumed at home. Surpluses of goods available for export fluctuate according to the home demand, and in any event are not large. Again, in scarcely any two countries is the demand even for the same class of commodity exactly similar. To produce for export means making special arrangements, perhaps employing special machinery and processes, and seeking specially trained workers. All these things entail capital expenditure, which after a few years may prove unremunerative, if former customers, as they are likely to do, start manufacturing for themselves. Confronted with these difficulties the directors of wholesale societies proceed with caution, but it is reasonable to expect that as the volume of co-operative capital grows and the output of co-operative productions expands they will be overcome. There are, however, two kinds of trading operations not subject to these difficulties. One is joint international buying, such as is already carried on by the English and Scottish Co-operative Wholesale Society

* Anders Hedberg in International Wholesale Co-operation.

Limited, and the Nordisk Andelsforbund. This seems capable of extension, especially for vegetable oils and other raw materials which are used by the wholesale societies in manufacturing many common food products and household articles, and which international capitalistic combines appear able to handle with no difficulty and great advantage. The other is intertrading with co-operative federations of agricultural producers. Many of these are dealers in oilcake and other feeding-stuffs made from by-products of the seed-crushing and oil refining industry, and some, *e.g.*, the Danish, have shown themselves willing to consider an international co-operative supply as preferable to dependence on the great combines. Other agricultural federations, such as the Wheat Pools of Canada and Australia, are exporters. What is possible in the shape of joint organisation and inter-working has been demonstrated by the New Zealand Produce Association, and the financial help granted to Australian farmers by the C.W.S. Bank. But the co-operative channels by which the farm produce of the world's great agricultural producing countries can be brought to the co-operatively organised consumer are still too few and too narrow. To construct more and shorter channels is not merely sound business for Co-operators, but also the solution of what is now recognised to be an urgent problem of world economy.

International Banking and Insurance.

Collaboration between national co-operative banking and insurance institutions, whether departments of co-operative wholesale societies or separate concerns, is following the same course of development as co-operative international trade, but at a less advanced stage. Following conferences held in 1922, a joint committee representing the more important banks and banking departments within the fold of the Alliance, set to work to explore the ground. Its secretariat is now in regular correspondence with an ever-widening circle of co-operative banks from which it obtains reports and statistical statements from time to time, and thus is able to measure the strength and progress of co-operative banking. The different national banks are also encouraged to make use of one another's services. For example, the Bank Department of continental Wholesale Societies may transact any business requiring British currency through the Bank Department of the C.W.S. The ultimate end of the Committee's labours is the establishment of an international co-operative bank. The growing volume of co-operative international trade entails an increased demand for currency and bills of exchange, which private banks and financial houses at present make profits by supplying, and the committee looks forward to the time when a co-operative organisation will handle this business on behalf of the Movement, and also mobilise the surplus capital of the wealthier national movements in order to assist the development of the younger and poorer.

In the sphere of insurance, international conferences, which began in 1922, gave rise to a joint committee which first ascertained the actual

development of co-operative insurance in the different countries, and then proceeded to consider how national co-operative insurance societies can assist one another through the reinsurance of one another's risks and the study of common problems. Since 1929, when the Belgian Insurance Society, *La Prevoyance Sociale*, reinsured part of its fire risks with the British Co-operative Insurance Society, and part with the Hungarian Insurance Societies, a network of reinsurance contracts has been created.

International Co-operation and the World Depression.

Since the International Co-operative Congress, held at Vienna in August, 1930, the I.C.A. has had to contend with the extraordinary difficulties resulting from the economic depression from which scarcely any part of the world escaped. The Vienna Congress held out the prospect of considerable progress. The participation of the Canadian Wheat Pool foreshadowed new developments in agricultural marketing. The discussion on credit trading revealed a solid majority of the National Organisations standing firmly for the Rochdale principle of cash payments. A desire was also manifested for the ascertainment and formulation in an authoritative manner by the I.C.A. of the principles of the Pioneers. Plans were discussed in special conferences for the expansion of the Alliance's press and educational activities. Within twelve months came the great financial collapse, which, beginning with the failure of the Creditanstalt in Austria, led to the abandonment of the gold standard by Great Britain and a number of other countries, and the imposition all over the world of innumerable protective and restrictive measures which stifled commerce and made international payments impossible. Besides the practical difficulties, such as the collection of subscriptions, which these measures created for the I.C.A., the great wave of nationalism which surged up wherever the people felt their economic position insecure, produced a state of mind either indifferent or hostile to its mission and ideals. For the most part the National Organisations weathered the storm with little damage. Some indeed continued their expansion unchecked. But it cannot be said that many of the National Movements were prompt to realise the necessity for strengthening their international connections and supplying the I.C.A. with additional funds for the heavier tasks which the course of events had forced upon it. By 1933, in the endeavour to maintain its previous services and to extend its research activities the Alliance had used up the reserves accumulated by economical administration during the preceding years of comparative stability, and the problem of finance had become urgent.

Meanwhile, the Co-operative Movement had begun to encounter the political effects of the crisis. Besides the falling prices and diminished purchasing power which were reducing their turnovers and dividends, Co-operative Organisations had to contend with the increased hostility of private traders as the market shrank and competition became more intense. Campaigns of misrepresentation, combined with agitation

for heavier taxation of co-operative societies, were organised in a number of countries by Chambers of Commerce and other traders' organisations. Owing to the susceptibility of needy Governments with unbalanced Budgets to pressure from commercial interests, they were often successful. Under the dictatorships in Austria and Germany the middle-class influence became predominant. Consumers' societies in the former country were subjected to control by the traders' corporations, in the latter their central organisations were completely transformed, and their policy directed in the interests of the small traders and artisans. Although the International Co-operative Congress, due to meet in London, in August, 1933, had to be postponed, the need for asserting the international solidarity of the Co-operative Movement required the summoning of a Special Conference of the I.C.A., which met at Basle in June. This Conference not only issued a manifesto calling upon the co-operators of the world to unite in defence of their principles and achievements, but also adopted a memorandum embodying the views of the Alliance on the measures necessary for economic recovery for submission to the World Economic Conference held in London a few weeks later. The rapid and not unexpected collapse of the Conference revealed how far the world's political and economic leaders stood from any conception of international co-operation. As hopes of a rapid recovery faded, the National Co-operative Movements began once more to brace themselves for yet severer struggles. The task of the I.C.A. under these circumstances was to resist all disintegrating influences, to keep itself free from external entanglements, especially of a political character, in order that it may preserve its ideal of an international family of Co-operative Movements and, in the words of its General Secretary, " keep straight on, without deviation from the course laid down for us by the Pioneers."

PART V.

CHAPTER XXIV.

CO-OPERATIVE PROBLEMS AND POLICY.

The first four parts of this book have shown how the Co-operative Movement became an established institution, and have sketched its development up to the present time. Every indication seems to show that that development, so far from being complete, is still only in its early stages. The very success of the Co-operative Movement leads to further and still further development. Important though it is to understand the Movement's past, it is even more necessary to realise that it has a future. Indeed, the value of knowing the Movement's past, the motive for studying it, is the power which we thereby gain of intelligently shaping its future. The last two parts of the book are, therefore, concerned with co-operative policy in the making, with those present problems which the Movement's leaders must solve if it is to continue to make progress towards its ultimate goal. For convenience of discussion, these problems have been grouped as problems of internal organisation, which are dealt with in this part, and problems of external relations which are considered in Part VI. The two groups are not really separate. They merge into and react upon one another. As the history of the Co-operative Union proves again and again, the Co-operative Movement's contact with outside bodies has always been a powerful stimulus to the development of its internal organisation. The reverse is also true, that the Movement's interior structure often determines its external relations. The purpose of the present chapter is to review the chief internal problems with which the British Co-operative Movement is to-day confronted, and to point out some considerations of a general character.

Necessity of Growth.

The first co-operative problem was to set up a stable organisation, and it was solved by the Rochdale Pioneers. Subsequent problems are almost all problems of growth. For this there are two groups of reasons. The first spring from the fact that all enlightened co-operators desire their Movement to grow because it is only by growth that its ultimate ends can be attained. The Movement is always seeking to make converts, to attract fresh adherents. Its power to do this successfully depends in the long run less upon its promises than its performance. Even the most extreme of idealists expects to derive material benefits from Co-operation, of which efficient and economical service is one of the most important. The Movement expands most

rapidly when, as in many countries during the great war, co-operative prices and service are palpably superior to those of private trade. The great business problem of Co-operation is to maintain and enhance that superiority, if only because people who are satisfied with its performance are the more ready to believe in its promises. The second group of reasons arise from the fact that the Co-operative Movement cannot depend upon being always able to profit from the defects of capitalistic enterprise. Not all forms of private trade are less effective in "delivering the goods" than co-operative societies. Co-operative stores had a fairly easy victory over the private shopkeeper in the nineteenth century; it is doubtful whether they can much more than hold their own in the twentieth against the multiple shop and the great emporium, especially where these are linked with mass-production and assisted by widespread advertisement. Capitalist enterprise is continually seeking to raise its efficiency and to improve its methods. The Co-operative Movement, therefore, cannot rest. The establishment of a co-operative society is not the end but the beginning of a struggle for economic mastery to which no end can yet be seen. The very success of the Movement leads to further and still further extension. It can defend the position it holds only by continual attacks upon other forms of economic enterprise. While remaining true to its essential principles, it must be constantly adapting and readapting its methods to changing needs and the varying tactics of its adversaries. It must learn from them, and apply new economic ideas to its purposes, as they do to theirs. These necessities inevitably become problems of growth because the whole trend of economic progress is towards the creation of ever-larger and larger units. The big businesses of a generation ago are now minor constituents of gigantic international amalgamations. Co-operators, if they are to succeed in their aims must obey the laws of economic progress, not resist them. They must group themselves in units of appropriate size, interlock the various parts of their organisation, and avoid making its structure so rigid that it cannot be readily adapted to changing needs. This is the co-operative business problem in broad outline. Its details can be grasped by a study first of the local society, secondly, of the national federations, and thirdly, of the relations of co-operatively-organised consumers and producers.

The Local Society: Economic Problems.

The local society, and especially the retail distributive society, is for two reasons the most important field of co-operative activity. It is the chief source of the Movement's economic power, for it not only accumulates capital for its own enterprises, but supplies the national federations with most of theirs. If co-operative retail trade is not successful, wholesale trade stagnates, production halts, education and propaganda decline, political activity is abandoned. Again, it is the ability of the retail society to deliver the goods to the final consumer that is the test of the efficiency of co-operative industry. In actual practice, the test of efficiency depends upon what view the

members and management take of their responsibilities. A society may be regarded as an institution which exists for the benefit solely of those who at any time comprise it, or it may be regarded as owing a duty to a wider public than its own membership, as an organisation for the protection of the general interests of consumers. A society may adopt a policy of high prices and high dividends because the policy suits its members, or it may adopt a policy of low prices and low dividends because all the consumers of its neighbourhood, whether co-operators or not, will benefit from its restraining influence upon the prices of all the traders in the market. Although co-operators may thus to some extent choose whether they will give prominence to the private or to the public benefits of Co-operation, there are other matters in which they have no choice at all. They dare not disregard those general tendencies already mentioned which operate throughout the economic world. One is the growth of large-scale businesses and the ease with which their joint-stock constitution allows them to be interlocked and welded into a single concern. The existence of such formidable competition, apart altogether from the consideration whether a small society can ever hope to reach the ideal of supplying its members with all their needs, makes the avoidance of overlapping and the question whether the number of separate societies is too small or too large of the utmost practical importance. Almost equally important, are the problems of standardising prices for co-operative products and the development of co-operative production as a counter to the boycott of co-operative societies by the makers of proprietary articles. Again, the need of making the utmost use of the Movement's financial resources gives rise to problems associated with cash and credit payments, the rate of dividend on purchases, the rate of interest offered by societies for share and loan capital, the building up of reserve and other funds, and methods of depreciation and the creation of hidden reserves which buttress a society's financial strength and reduce its working expenses. Finally, the growing importance of technical training and expertness in salesmanship creates educational problems which bear directly on business success. It has been well said that the Movement's future victories are to be won not so much by heroism as by trained efficiency.

Local Societies: Administrative Problems.

Many of the Co-operative Movement's business problems are not essentially different from those of any other economic undertaking which grows. The true co-operative problems deal not so much with money or goods as with people. Persons, with their rights and responsibilities, are the substance of co-operative societies, and co-operative principles forbid that people should be treated like chessmen on a board. If co-operative business could be managed and controlled by any method that business efficiency appeared to demand, co-operators would be troubled by very few vexed questions. But in matters of government, Democracy is the co-operative principle. Those who direct a society's operations do so on the members' behalf and with the members' mandate.

Co-operators may differ on the question how far it is desirable for the rank and file of the membership to take part in the government of their society, but all are agreed that an organisation in which the members are prevented from exercising authority, or neglect to do so, can have no standing as a co-operative society. Here arises the co-operator's dilemma. His own ideals and the trend of economic progress both urge him to increase the membership of his society and increase the number of its departments. The stress of competition may force him to merge his society in some larger unit. Yet with every increase in size his effective control over his society and its policy diminishes. According to the rule book he may have the same rights and responsibilities as before, but in practice they may be reduced to very little. Democratic forms may remain but the substance has vanished. The often conflicting needs of business efficiency and democratic government are usually reconciled in a small society without difficulty. In a large society they demand much thought and patience. There is no efficiency in large-scale business without specialisation, and specialisation entails the delegation of power and ever more complex administration. Failing to comprehend everything easily and readily, he plain member must govern through a committee, and sooner or later, in its turn, the committee must depend upon permanent officials. Again, as the chapter on the labour problem has shown, departmentalisation of the society's business creates within the society larger or smaller groups, each with its own group-loyalty and point of view. Members, committees, officials, and employees may all take differing views on the same question of policy. If the society's organisation is to work well, the relations of these groups have to be adjusted and their powers and duties carefully defined.

Here, again, arise two series of problems. The one consists of the alterations which must be made in a society's constitution as its membership grows, in order that democracy shall remain unimpaired and the door kept closed against slackness, corruption, and government by caucus. District meetings, district committees, educational and publicity organisations are all means to this end. The other series springs from the need of promptitude, firmness, and precision in detail, in a word, executive efficiency. Large committees may be more representative, but they are also inclined to go on discussing when the time for discussion is past and action must be taken. They, therefore, tend to form sub-committees for executive work. Again, expanding business often outgrows the physical power of committees of management to administer it, and they must be content to supervise rather than to manage. Sooner or later, experiments with full-time management committees are made. Yet again, a large society's employees form a considerable body, often very united and influential, whose opinion cannot be disregarded and whose interest and enthusiasm the society must enlist on its side. The question of how the employees' point of view is to be represented, whether by seats on the management committee or by joint advisory councils, thus becomes an urgent one.

Federal Problems.

The problems of the federations, whether national or regional, are not different in kind from those of the local society, but they are made more complex by the greater areas which they cover and the greater amplitude of their undertakings. The business operations of the great Wholesale Societies, for example, are less open to the scrutiny of their members than those of a retail society. The societies are attached to no particular locality. In discharge of their task of organising supplies for the stores, they extend their operations all over the world. At the same time, they work their way back from warehousing and packing to manufacturing and extracting raw materials from the land. Each becomes a collection of industrial and commercial undertakings of endless sorts and sizes. Their members can only judge by results and reports, and become less and less capable of independent constructive criticism. They are more dependent than in the retail societies upon the leadership of the boards of directors whom they elect. On the other hand, it is more difficult for the directors to maintain touch with opinion in the affiliated societies. Hence the elaborate machinery of divisional meetings, proportional representation, the referendum, and so forth, evolved to ensure that the general will of the membership does prevail and that that will is intelligent. Like the retail societies again, the federations have their problems of organisation of which a few are here put in question form. Should the Wholesale Societies, which already work so closely together, be amalgamated as the Survey Committee recommends? To what extent is there overlapping between the advisory and publicity departments of the Wholesale Societies and the other national federations such as the Co-operative Union and the Publishing Society? What is the remedy for this overlapping, a better definition of functions, joint organisations or complete amalgamation?

Producer and Consumer.

The final group of problems are those which involve the relations of co-operative organisations representing different interests, notably those of producers and consumers. The antagonism between these two seems at first sight to be emphasised rather than softened by co-operative organisation. Yet, since they are dependent on one another and, in the event of their failure to agree, the capitalist middleman can always find opportunities to make profits out of both, co-operators cannot rest from attempting to bring them into harmony. The reconciliation of the producer with the consumer is the greatest economic problem that the Co-operative Movement is called upon to solve. To British co-operators the problem is presented in two different forms, according to whether the producers are industrial or agricultural. In the first case, consumer and producer are at variance about the control of industry and the rights of the rank-and-file worker. Besides this question of principle, there is the practical problem of the competition between the wholesale and the co-partnership societies for the custom

of the stores. One hopeful circumstance is the domination of the productive societies by the stores and the adoption of a progressive labour policy by the Wholesale Societies in recent years—hopeful because it has reduced the real difference between them. In the second case the problem is that of setting up a regular organisation for the exchange of products, so that the produce of agricultural societies shall pass to co-operative consumers through co-operative channels in return for the co-operatively-supplied household and agricultural requirements of the farmer. The kernel of this problem is agreement upon quality and price, and since both sides are in reality seeking a fair price, by which neither will be exploited, agreement is possible although not immediately attainable. It has been well said that the *shorter the road from the producer to the consumer the more difficult* organised intertrading becomes. It is, however, probable that agreement between producers and consumers in different countries, say between British Wholesale Societies and Canadian Wheat Pools, will reveal the principles upon which consumers and farmers in a common homeland may also base agreement.

CHAPTER XXV.

THE STORES ADMINISTRATION.

The shops of retail distributive societies are the phase of the Co-operative Movement with which co-operative members and the general public are most familiar. Contrary to the fact these shops are believed to belong to a national organisation whose goods they sell, whereas the local societies of which these shops are branches, are joint owners of the national organisation whose productions are being sold, and this national organisation (the Wholesale Society) was created by local societies, as we saw in an earlier chapter, to serve their interests. Indeed, the local societies are the basis upon which the whole superstructure of the Consumers' Co-operative Movement rests. They are the medium through which the individual co-operator obtains and maintains his connection with the Co-operative Movement and through which he exercises his influence upon co-operative policy, locally, and nationally. Through their eleven hundred local retail societies, seven million members in Great Britain—who, with their families, represent more than one-half of the total population—function as co-operators, and from them they draw supplies to meet the daily needs of themselves and their families to the extent of approximately £200,000,000 a year. It is, therefore, important to know something of the organisation, administration, management, and control of these societies.

Like the wholesale and other co-operative societies, local societies are registered under the Industrial and Provident Societies Acts, the principal ones of which are the Act of 1893 and the Amending Act of 1913. These Acts of Parliament, which are specially designed to meet the circumstances and needs of co-operative societies, confer certain rights and opportunities upon societies registered under them; but, equally, impose certain responsibilities. A full review of the provisions of existing legislation would take us too far from the subject of this chapter*: what is important to be remembered is that societies must work within the provisions of the Acts under which they are registered and the rules of the society which have been framed in accordance with these provisions. It is not, however, the Act of Parliament under which a society is registered that makes it co-operative. It might be registered under the Companies Acts and be a good co-operative organisation; and there are many societies registered under the Industrial and Provident Societies Acts which the Co-operative Movement would refuse to accept as co-operative organisations. What makes a society a co-operative society is its object and its methods. If it is seeking to promote economic and social equity and is willing to allow, within the limits of practicability, all those who wish to take part in its

*The principal provisions are noted in Appendix V. Readers will find fuller information on the subject in "The Industrial and Provident Societies Act, 1893, and Amendment Act, 1913," by J. C. Gray and A. Whitehead, and in "Handbook for Members of Co-operative Committees," by F. Hall, M.A., in which book they will also find a comparison of the constitutional features of an industrial and provident society and a joint-stock company.

operations and share in its success to become members, if it allows control to be exercised on a basis that approximates to one member one vote, if it limits the return of capital and distributes its profits or surplus in some way that recognises the contribution which each participator has made to the securing of that profit, it will have a strong claim to be recognised as co-operative, no matter how it may be registered. Summed up, we may say that a co-operative society is working for social change by introducing, on its business side, methods different from those which prevail in a capitalistic enterprise in which the sole purpose is to secure a return upon capital. Whilst co-operative societies could operate under the provisions of company legislation, the Industrial and Provident Societies Acts are better adapted to their needs and methods. At this point therefore it is proposed to examine the principal provisions of these Acts under appropriate headings, noting at the same time the provisions of societies' rules upon the points under examination and the practice of societies in relation thereto.

Membership.

Seven members are required as a minimum for an industrial and provident society, though two members will suffice if they themselves are industrial and provident societies. This last-named provision was made by the Amending Act of 1913, and advantage has been taken of it by the two Wholesale Societies who are the two members of the English and Scottish Joint Co-operative Wholesale Society Limited.

The minimum age of individual members of an I. & P. Society is 16; but some societies, by their rules, fix 18 or 21 years as the minimum age, and a few societies limit membership to one member of a family. Joint-stock companies are also permitted, under the law, to become members of an I. & P. Society. As pointed out above, other I. & P. societies, also, are eligible for membership.

Capital.

No person can become a member of an I. & P. Society without accepting the liability to contribute to the share capital. The value of a share may be anything—from one penny upwards. What the value of each share shall be is determined by the rules as, also, is the minimum number of shares for which a member accepts liability. The maximum shareholding for individuals is fixed by legislation at £200; for I. & P. Societies which are members of another society there is no maximum shareholding, a provision which created the possibility of successfully financing the wholesale societies by retail societies. Members of a society registered under the I. & P. Societies Acts enjoy limited liability, that is, their liability to the society and its creditors is limited to the nominal value of the shares they agree to take up. In any case they are liable for the minimum number they are required to hold in accordance with the rules; but they may take up more with the consent of the society subject to the maximum mentioned above; and, in practice, many members take up additional shares by allowing their dividends and share interest to remain in the society as share capital. If a share is only partially paid, a member is liable in case of need for the balance of that share. A member's liability extends

for one year after he has withdrawn from the society, so far as any debts existing at the time of his withdrawal are concerned, and providing the contributions due from existing members are insufficient to meet them. It is very seldom, however, that a society has difficulty in meeting its debts; and it is, therefore, very rarely that a member has to pay the balance of any shares he holds, and still more rarely that an ex-member has to repay any share capital he has withdrawn.

Two kinds of shares are issued by co-operative societies: the transferable share and the withdrawable share. A society which undertakes banking* must not issue withdrawable shares; but apart from this restriction there is no legal barrier to a choice between the two kinds of share, or to the issue of both types, by a society. The bulk of the capital of retail societies is raised as withdrawable shares, and even those retail societies which issue transferable shares usually do so to only a limited extent, *e.g.*, requiring a member to hold one transferable share and allowing him to subscribe the rest of his capital as withdrawable shares. At the end of 1932, the amount of transferable share capital in retail societies was £1,076,911, and the amount of withdrawable share capital was £119,823,387, the preference for withdrawable share capital being thus very clearly indicated. In the case of the wholesale societies and the productive societies the share capital is transferable and not withdrawable. The reasons for the difference of preference should be appreciated. The Co-operative Wholesale Society could not carry on its banking department if it issued any withdrawable share capital. But there are other reasons why this society and other societies largely engaged in productive activities prefer transferable shares. Where capital is locked up in factories and other buildings, in machinery, tools, and stocks, it would not be easy to turn these assets into cash if the members desired to withdraw their shares, and it would be a serious matter for the society if it had to sell these assets. The Co-operative Wholesale Society, for example, has invested in land, buildings, fixtures and fittings an amount equal to five times the amount of its share capital and it must have a reasonable amount of non-withdrawable share capital for this reason. The retail societies have only one-third of their share capital similarly invested and so could meet heavy demands for the repayment of share capital without disturbing their fixed assets. It is obvious that the possibility of withdrawing their capital at short notice is attractive to members of retail societies, for most of them have little understanding of the technicalities of shares and finance and would have little confidence in an investment, the value of which might fluctuate to their disadvantage. Because of this attraction and the ease of withdrawal the members of retail societies undoubtedly deposit capital more freely, and provide larger funds for their societies than would be the case if the capital could not be withdrawn. In the case

*The taking of deposits of not more than 10s. in one deposit, or more than £20 in all, does not constitute banking in this connection. This provision makes it possible for retail societies, some or all of whose share capital is withdrawable, to organise the so-called "Penny Banks"—banks for small savings which can be utilised by members or non-members.

of the wholesale societies and productive societies the circumstances are different. The membership of the former is entirely, and of the latter is largely, composed of societies whose committees and officials have a better understanding of finance, so that the inability to withdraw shares does not disturb them or inconvenience them.

The term "transferable" in relation to shares in a co-operative society is only a relative term. It is true that a society can refuse to repay a transferable share, and can thus compel the holder to find a purchaser who is willing to accept the share as a transferee; but it is equally true that the Act of Parliament gives societies powers under which they can repay to the holders the amount of any transferable shares held by them, in which respect a co-operative society differs from a joint-stock company. It is equally true that the rules of a society may give power to the committee of the society to suspend the repayment of withdrawable shares. Such a power is obviously advisable since it prevents a "run" upon a society and may thereby prevent a disaster that can be averted by allowing time for quiet reflection and consideration of the position. The Model Rules* give the committee of a society power to suspend repayment by resolution, subject to confirmation by the next general meeting.†

Loans.

In addition to share capital, an Industrial and Provident Society may raise capital in the form of loans, providing it takes power in its rules to do so. The second schedule to the 1893 Act says that one of the matters to be provided for in the rules of a society registered under the Act is "determination whether the society may contract loans or receive money on deposit, subject to the provisions of this Act, from members or others, and if so, under what conditions, on what security, and to what limits of amount." The rules generally give the society power to accept advances of money from any person, whether a member of the society or not, upon the security of bonds, or agreements, or of a mortgage either legal or equitable, of any of the society's property. Usually the loans are accepted upon a loan agreement inserted in the lender's loan book. Whilst a limiting amount must be fixed for loan capital in the rules, the amount may be a variable amount. Thus the Model Rules state that the amount of loan capital "shall not exceed the nominal capital of the society without the previous authority of a registered rule of the society. With such authority it may be any sum not exceeding the amount so authorised." As the amount of the nominal capital of a society varies as members deposit and withdraw share capital, the amount of loan capital that can be accepted also varies with it in the societies which have adopted the Model Rules. Much more might be added on the subject of loan capital; but as it is treated

*The Model Rules are a code of rules prepared and issued by the Co-operative Union for the guidance of societies which may adopt them *en bloc* or with such alterations as they may desire to make.

†The whole subject of transferable and withdrawable shares is dealt with in Hall's "Handbook for Members of Co-operative Committees," pp. 60-67.

fully in the "Handbook for Members of Co-operative Committees" and "The Industrial and Provident Societies Act, 1893, and Amendment Act, 1913" (both published by the Co-operative Union) no further reference is needed here except to point out that the lending of loans does not make the lender a member of the society as the taking up of share capital does, and that a loan-holder ranks with ordinary trade creditors for payment in a case of winding up—before the shareholders (who are the owners of the business)—and if the loans are secured by mortgage the holders are repaid before ordinary trade creditors.

Banks for Small Savings.

These banks which in some parts of the country are known as penny banks, are specially provided for in the Industrial and Provident Societies Act of 1893, which says that "the taking of deposits of not more than ten shillings in any one payment nor more than twenty pounds for any one depositor, payable on not less than two clear days' notice, shall not be included in the business of banking within the *meaning of this Act; but no society which takes such deposits shall* make any payment of withdrawable capital while any claim due on account of any such deposit is unsatisfied." This clause makes it possible for every co-operative society, even if any of its share capital is withdrawable, to organise such a bank for small savings. The banks accept deposits of one penny upwards and afford a good opportunity of interesting children in the society through the use of the bank as their savings bank. Much more attention than formerly is now paid to the organising of these banks, and in 1932 893 retail societies organised them and held balances amounting to £4,996,486 at the end of the year.

Meetings and Voting.

The principle of one member one vote operates in retail societies; but in the wholesale societies the purchases of a society determine the number of votes it may cast; whilst the practice varies from society to society in the case of the productive societies. Various methods of recording the votes are practised in retail societies. It is usually by show of hands or by ballot at the meetings of members; but ballot *voting at the shops obtains in some societies for certain matters*, including voting for the committee.

For most purposes, a bare majority is sufficient to carry a resolution that has been properly proposed and seconded, or, to use the conventional phrase, is "in order"; but for certain purposes a larger majority is required. Thus it is usual to require a larger majority for a proposed alteration of rules and, by law, there *must* be a larger majority for some purposes, such as change of name or amalgamation with another society. Leaving for a moment the definition of special meetings and special resolutions where these larger majorities are required, it is necessary to point out here the meaning of a "two-thirds majority" or a "three-fourths majority." Such a majority is not the difference between the votes for and votes against a resolution as so many people assume,

but is the proportion of the persons voting for or against the resolution. Thus, if an alteration of rules is proposed and it has to secure a two-thirds majority, two-thirds of the persons voting must support the alteration —two out of every three voting, not two-thirds of the whole membership or two-thirds of those attending the meeting, but two-thirds of those who vote. The requirement of more than a bare majority is intended to protect the society against "snatch" voting on important issues.

Whilst dealing with voting a reference may be made to special meetings and special resolutions. Members' meetings may be one of two kinds: Ordinary and Special. "An Ordinary meeting is one held in the ordinary way of business for considering routine matters or matters that do not affect a fundamental change in the constitution of the society. A Special meeting is one at which fundamental changes in the constitution—such as an alteration of rules—can be effected, or other special business can be transacted. The rules should state the nature of the business which may be transacted at Ordinary business meetings and at Special general meetings, and they should also provide for the time and place of holding Ordinary meetings, and the notice to be given for such meetings, as well as the manner in which that notice must be given."* The rules of different societies naturally make different provision regarding the matters upon which variety of procedure is possible; but Chapter VI., Section I., Rules 68 to 73 of the Model Rules issued by the Co-operative Union for the guidance of societies deals with the subject, and may be consulted by those who desire acquaintance with a typical provision. Special general meetings, also, are usually provided for in the rules of a society; and Model Rules 74 to 77 indicate the nature of the provision which experience has shown to be desirable in calling and conducting such meetings. "Speaking generally, a Special general meeting is distinguished from an Ordinary business meeting by the fact that it is specially called to consider some business or resolution stated in the notice convening the meeting, and only that special business or resolution can be considered. Under the Model Rules (the rules of a society which has not adopted the Model Rules may make different provision) a Special general meeting must be convened by the secretary upon the instructions of the committee or upon the receipt of a requisition signed by 20 members; and it may be convened by one of the requisitionists if the secretary fails to do his duty. An Ordinary meeting may be made special (if provided for in the rules) for any purpose of which notice has been given, provided the special business is not introduced until the ordinary business is concluded."* "The rules should also provide for the quorum required for Ordinary and Special general meetings, for the chairmanship of such meetings, for the number of votes which each member shall have, for the manner in which the voting rights shall be exercised, and for the conduct of the meetings generally."†

* Hall "Handbook for Members of Co-operative Committees," p. 84.

† Ibid., p. 85.

A special resolution is defined by Section 51 of the 1893 Act as one passed by a three-fourths majority of persons voting at a Special meeting and confirmed by a bare majority at a subsequent meeting duly notified and held not less than 14 days later. A special resolution is required for a change of name, transfer of engagements to another society, amalgamation, and for the conversion of a society into a company. A special resolution has to be registered with the Registrar (of Friendly Societies) and does not become operative until registered.

From time to time a society may desire to alter one or more of its rules; and the original rules and subsequent issues of rules should provide for the manner in which alterations can be effected. It is usually provided, *e.g.*, by the Model Rules, that they may be altered at a Special meeting when desired by a specified majority of persons voting. Notice of the meeting and proposed alterations must be given; but the resolution altering a rule is not a special resolution, and confirmation at a subsequent meeting is not required by law though it may be necessary if the rules provide for it. Alterations of rules must be registered with the Registrar and do not become effective until registered and acknowledged by him.

The arrangements for Ordinary general meetings of members vary considerably. In many retail societies, they are held at intervals of six months; in others at intervals of three months; whilst some of the older societies still continue the practice of holding monthly meetings. The nature of the business at members' meetings is affected by the frequency of the issue of balance sheets and reports to members. Half-yearly balance sheets and meetings are most common; but a good number of societies issue balance sheets and hold members' meetings quarterly. Some societies issuing half-yearly balance sheets, nevertheless, hold quarterly meetings and issue an "interim" statement and report, paying an "interim" dividend which is based upon an estimate of trading results. The societies which hold monthly meetings do not issue balance sheets more frequently than quarterly, and the business at meetings between the quarterly ones is confined to a review of the committee's report, appointment of delegates to various meetings, and other business which it may be customary for the members in each society to consider at such meetings.

In small societies it is possible for members' meetings to be held at a centre conveniently accessible to all the members; but in large societies this is not always possible and district meetings are organised to give members in places distant from the centre an opportunity of participating in discussions and decisions affecting the society and its business. The same agenda of business is submitted at each meeting, and the votes cast for and against proposals included in the agenda are totalled to ascertain the decisions that must be acted upon.

Committee.

Every society must have a committee upon which certain obligations are imposed by the Industrial and Provident Societies Acts. The

rules usually define its other powers and responsibilities as well as the mode of election, and terms and conditions of membership. In all but one society (the Royal Arsenal Society, which has a full-time committee) retail societies are served by a spare-time committee. The number of members constituting the committee varies considerably. Usually it is from seven to twelve, and in a few societies district representation obtains.

The members of committees are elected for varying periods; some societies provide for a year of office prior to retirement and re-election, some for two years, and others for other periods. In some cases, committee members after serving for a specified period are debarred from re-election for a term which varies from society to society; and in some societies an age limit operates. Qualifications for membership are imposed by some societies. It may be a length of membership prior to nomination, but more usually it is a purchasing or/and capital-holding qualification which is imposed on the ground that he or she who aspires to be a leader of a society must give an indication of the co-operative loyalty and support to the society which every member is asked to show, and which is essential for the success of the society. On the other hand, there are frequently disqualifications. Thus, it is usual for a person to be disqualified if he is engaged on his own account in a business in which the society is engaged, or if a member of his family or a near relation is employed by the society, or if he holds an office of profit in the society. The last-named disqualification has been removed by some societies, and employees sit upon the committee of management in a small number of societies and upon the education committee in a larger number of societies. Payment of members of committees obtains in practically all societies, but the amount and basis vary very considerably. It may be a payment per meeting (the general committee and each sub-committee usually meet once per week), or per year. For delegations and other special work undertaken by members of the committee, *e.g.*, stocktaking, extra payments are usually made.

The committee may conduct its work as one committee by which all the business is done, or it may appoint sub-committees, giving to each sub-committee preliminary responsibility for the oversight of one or more departments. The minutes of sub-committees are submitted to the full committee for approval, and the full committee is finally responsible for decisions affecting the society and its business. As societies grow bigger it becomes more and more difficult for the committee to keep in touch with the details of the society's business, and new methods of supervising the society's business have to be adopted. It is desirable that committees should deal with broad principles and general policy rather than with details; but details are often important to individual members or groups of members of the society; and district committees or branch committees attached to a particular district or branch are occasionally appointed to look after the interests of the society in their area. They can deal effectively with local matters

without troubling the management committee, whilst bringing to the notice of that committee matters of importance. It is thought by some co-operators that this system will develop in large societies as a means of giving members a closer touch with the society and its work and of securing a more efficient oversight of the society's affairs in each district.

It has already been remarked that a committee's powers are usually indicated by the rules, and where a power has been delegated to the committee by the rules the members cannot override any decision of the committee within these powers. A power commonly delegated to the committee is one to appoint, dismiss, and fix the remuneration of employees. If acting within these powers the committee dispenses with the services of an employee, no decision of the members' meeting can alter that decision until the rules have been altered and the power of appointment and dismissal has been withdrawn. This example is quoted to show how important it is that members should be familiar with the rules of their society, for attempts are frequently made by members at a general meeting to secure the overriding of a committee decision which it is beyond the power of such a meeting to alter.

The committee so far described is the committee of the society—the law recognises only one committee—and is generally known in co-operative circles as the management committee; but the members may, and often do, appoint other committees. The most generally appointed second committee is an education committee to which is entrusted the organisation and supervision of the educational work of the society, though it frequently undertakes other work—such as propaganda—as well. The conditions relating to its election are usually similar to those for the management committee in the same society, though payment of members is less common and rates of payment are lower than for members of management committees. Representation of management committee, officials, guilds, employees, and other sections of the society upon the education committee prevails in some societies. The income of the education committee is derived according to the rules of the society or decisions of members' meetings. The Income basis most prevalent is a percentage of profits or surplus, but a slowly increasing number of societies have adopted the recommendation of the Co-operative Survey Committee (1914-1918) and of several Co-operative Congresses and base their education allocations upon a fixed amount per member per annum.

The education committee has full power to expend its income as it thinks fit, so long as it does not act outside the powers conferred upon it by the instrument constituting the committee, the rules of the society, the decisions of members' meetings, and the legislation governing the establishment and conduct of industrial and provident societies. Since the education committee is not the legal committee of the society, any property it acquires must be acquired in the name of the society and, therefore, through the management committee which is the recognised committee of the society.

Balance Sheet, Accounts, and Annual Return.

The Industrial and Provident Societies Acts require each society registered under them to forward to the Registrar by March 31st in each year an Annual Return in form prescribed by the Registrar showing the receipts and expenditure, funds, and effects of the society. This Return must cover the period from the finishing date of the last Return up to the date of the society's last published sheet balance if falling between September 1st and January 31st, otherwise the December 31st preceding the date by which the Return has to be forwarded. Along with the Return, there must be forwarded a copy of the report of the auditor(s), and a copy of each balance sheet made during the period covered by the Return. Every society is required by the Industrial and Provident Societies Acts to provide, gratuitously, a copy of the last Annual Return issued by the society to every member or person interested in the funds of the society; and a copy of the last balance sheet for the time being, together with the report of the auditors, must be always hung up in a conspicuous place in the registered office of the society. A society is also required by the Industrial and Provident Societies Act of 1913 to forward with its Annual Return every third year a Triennial Return showing the holdings of each person in the society, whether in shares or loans, and this return like the Annual Return, must be signed by the auditor(s). It is clear from these references that every society must appoint an auditor; and by the Act of 1913 he must be a public auditor, *i.e.*, his name must be on a list of auditors appointed by the Treasury as Public Auditors. Admission to the list is at the discretion of the Treasury, and whilst the passing of an examination is not a legal requirement or a guarantee of admission to the list, the Treasury in recent years has adopted the practice of confining appointments to members of certain bodies of professional auditors and accountants. The possibility of inspecting a copy of the Annual Return and balance sheet gives members of societies an opportunity of learning certain facts and enables them to satisfy themselves about the soundness of their society and its business results; and legislation gives members and persons having an interest in the funds of a society power to inspect their own account and the books containing the names of members of the society. Members also have power to demand a copy of the rules of the society on payment of the usual charge for them. Further, the Registrar is empowered upon the application of ten members (of twelve months' standing) of a registered society, to appoint an accountant or actuary to inspect the books of the society and report thereon; and the Act lays down the conditions to be observed in such an inspection. Combined with the power of members in regard to calling a special meeting and of the Registrar to appoint an inspection of a society's affairs or call a special meeting on receiving a requisition from a specified number of members, it is clear that a member of a co-operative society who desires to take a real interest in his society and wishes to protect his interests and those of his fellow-members, receives great assistance from the Industrial and Provident Societies Acts.

CHAPTER XXVI.

THE STORE: MANAGEMENT AND BUSINESS ORGANISATION.

Except in regard to the matters respecting which the Industrial and Provident Societies Acts impose legal responsibilities upon the secretary or other officers or officials, the committee of a society is responsible for the conduct of the society according to the Acts and the society's rules, and for its good management to the members of the society. The existence of this responsibility does not mean that the committee must itself manage the society. It could not do so effectively if it tried; and the wisest committees are those which select good officials to whom they entrust the management of the society whilst they themselves supervise the work of these officials, and see that the management conforms to the policy of the society.

It is sometimes suggested that the right apportionment of duties among members, committee and managers is for the committee to formulate the policy—which should be at once progressive and co-operative—and secure the members' interest in, and support of, this policy; and whilst giving the managers freedom to manage their respective departments see that they do their work efficiently and in accordance with the approved policy. The society is one, though it may have many departments; and it is a part of the committee's work to make sure that the work of the various departments is harmonised and that unity of effort prevails in the society.

The manner in which the committee undertakes its task depends upon the form of committee organisation and method of staff organisation prevailing in the society. These, in turn, are affected to some extent by the size of the society. A small society has fewer departments than a large one, and therefore has less need for departmental sub-committees and departmental managers. A large society has many departments and may find departmental committees necessary or useful. A large society may also find it desirable to have a general manager or a managing secretary exercising a general oversight over the whole of the society's business and having no departmental responsibility; but a small society may be unable to support such an official. It is, consequently, impossible to describe here a system common to all societies or desirable for both large and small societies. We must, therefore, confine ourselves to the practice which is most common, viz.: the appointment of departmental managers who are directly responsible to the general committee or a departmental sub-committee, the general committee attempting to act as co-ordinator with the assistance, in some cases, of the secretary, and in other cases, of the manager of the grocery department, acting also as general manager.

Even with this limitation our task is not easy, for among the societies whose organisational methods correspond to those we have described, there are differences in the duties assumed by the committee and those they delegate to officials so that, again, our description will not be true of every society.

Control of Buying and Selling.

Buying of goods for sale is usually delegated entirely to departmental managers, though the placing of large contracts for forward deliveries involving considerable financial commitments, is often considered and decided by the committee. It is not uncommon for the committee to have presented in the weekly statistical return submitted to them information respecting the amount of the purchases made by each department during the previous week, and the market —co-operative or other—in which the orders have been placed. Committees anxious for the success of co-operative undertakings naturally desire to see purchases from co-operative suppliers as high as possible; and the weekly statement referred to gives them essential data which enable them to ask why it has been necessary to go to non-co-operative merchants for certain supplies. Granted that the manager justifies his action they may then find it necessary to take up the matter with co-operative supplying societies with a view to securing the removal of the obstacle to co-operative loyalty.

The fixing of selling prices is left to the departmental managers, except that on some occasions or in regard to some articles, price-fixing may become a question of policy. During the last year or two, for example, some societies have instructed their managers to adopt a policy of lower prices all round even though this policy leads to the payment of a lower dividend. Such a step would be too big for the manager to take on his own initiative and, indeed, in some cases too big for the committee before securing the goodwill and approval of the members. An example of the second kind is provided by the "bread war" which has occurred in some towns during recent years. Competition for trade among private bakers forced prices down to an unremunerative level, and the local co-operative society charging a normal price would be in danger of losing some of its bread trade in these circumstances. The action to be taken at such a time becomes a question of policy; the society must either follow private traders' prices to keep the trade and risk a fall in dividend, or maintain a normal price and risk a loss of trade that would inevitably cause a rise in the working expenses per £ of sales. Given goodwill and good sense on the part of the manager and committee these matters should cause no conflict between them on the question of the invasion by either party into the rights of the other party. Committees are foolish when they interfere with the initiative of a manager; but a manager is foolish when he does not respect the freedom accorded him. When he proposes, for example, to have a special shopping campaign or a sale he will be

wise to inform his committee and obtain their support ; and the approval of the committee must, of course, always be sought in cases of capital expenditure.

The managers of the various departments being entrusted with the buying of the goods for their respective departments thereby become responsible for seeing that the stock of goods is sufficient in quantity and adequate in variety to meet the needs of members, and that the goods are displayed and advertised in a manner likely to secure the maximum amount of possible trade ; but it is the work of the committee to see that the manager discharges this responsibility satisfactorily. In the desire to meet all probable demands, stock may be accumulated which is excessive in relation to the trade of the department, and whilst the responsibility for stock—both as regards quantity and condition—should not be removed from the manager's shoulders, the committee should watch the relationship between stock and sales to see that an undue amount of capital is not locked up in stock, for when a department is overstocked in relation to its trade, not only is capital lying idle that might be used more advantageously, but space is being occupied unnecessarily, insurance and other charges are increased, and the stock is depreciating in value in several ways.

Sales Policy.

Whilst the committee will leave to the managers the fixing of selling prices—except in cases such as those mentioned where important questions of policy are involved—and therefore the rate of surplus realised on each article or commodity, they will expect the trading operations of each department to show a satisfactory surplus at the end of the trading period. This surplus depends, in the first place, upon the difference between the buying price and the selling price—sometimes described as the gross surplus or profit—and as the departmental manager has bought the goods and fixed the selling price he is responsible for the amount of gross surplus realised. He has two main considerations in mind : sales and surplus. The gross surplus must be sufficient to meet the expenses of production in the productive department, and the expenses of distribution in the case of a shop ; the difference between the expenses and the gross surplus will be approximately the amount available for dividend, though certain other charges will have to be made against this difference before the amount actually available for dividend is ascertained. The higher the selling price in relation to the cost price, the higher will be the rate of gross surplus and, therefore, the greater will be the amount available for dividend unless expenses are also high.

These considerations may move the departmental manager to fix his selling prices at a high figure. They are not, however, the only considerations. If he fixes his selling prices too high he will not sell his goods, or at any rate not sell the quantity he would like to sell, and he will have to meet his expenses out of reduced sales, so that the rate of expenses on every £ of sales will be higher and the amount vailable out of every £ of sales for net surplus and dividend will be

less than if he had sold more goods with the same expenses. The desirability of effecting the largest quantity of sales will, therefore, move him to fix his selling prices as low as possible; and in practice he must have regard to both the necessity of securing the maximum amount of trade with attractive prices and of securing prices that will cover his expenses and meet dividend requirements.

So far as selling prices are concerned, the manager is also governed to some extent by the actions of his competitors. If he fixes a price that shows a satisfactory surplus on paper but is higher than that fixed by his competitors for a similar article, he will miss, at any rate, some trade that he should secure; and a satisfactory surplus on paper that is not yielded in practice through failure to sell goods is useless from a trade point of view. It would be better to have a lower surplus both on paper and in practice, than a high one on paper and none in practice. In fixing selling prices, therefore, departmental managers must have regard to prevailing local prices, and to a great extent they must be influenced by them, even though the result may be a lower gross and net surplus and a lower dividend. Moreover, the manager must never forget that he is the servant of an organisation of consumers and that consistent with meeting all legitimate business expenses and such moral obligations as providing good conditions of labour, the lower the selling prices can be, the better it is for the consumer member.

Expenses.

So far, we have noticed the question of expenses somewhat casually; but expenses are a most important consideration in co-operative business, not only in themselves—for co-operative business must be highly efficient even if it has no competition to meet—but in regard to the question we have just been considering. Thus, it is possible for a society with low working expenses to sell at a low price and return the same dividend to its members as a society which charges higher prices but has a higher rate of working expenses. For two reasons at least, therefore, it is essential that working expenses should be kept as low as possible whilst observing good standards in labour conditions, shop equipment, &c., viz.: supplying members' needs as economically as possible and keeping down selling prices to meet local competition.

Over some of these expenses the committee has control and over others the departmental manager has control. Before passing to consider these two groups of expenses we should notice that the vital test is the rate of expenses per £ of sales or per unit of commodity. It may be justifiable to increase the total amount of expenses by 10 per cent if the extra expenditure produces an increase of trade of more than 10 per cent, for the rate of expenses per £ of sales will thereby be reduced, and either the selling prices can then be reduced without affecting the rate of dividend, or the selling prices, if maintained at their old figure, will yield a higher rate of dividend. Good business consists of wise spending, not of just refraining from spending, though every item of expenditure should be fully justified before being incurred.

The expenses over which the committee has control relate principally, but not exclusively, to capital items. In the first place, the committee is largely responsible for the rate of interest paid by the society. It is true the members have the last word in this decision, but their action is determined very largely by the initiative of the committee. If a society is paying 5 per cent interest on share capital and 4 per cent is adequate, having regard to market conditions and the amount of capital at the society's disposal, it is the duty of the committee to recommend the reduction to the members. It is customary in co-operative societies to charge to each department, interest upon the amount of capital it employs in buildings, fixtures, machinery, and stocks of goods. If the society reduces the rate it pays to members it can reduce to the same extent the rate of interest it charges to departments, thereby reducing the working expenses of the department. Moreover, as we shall see later when we consider depreciation, the committee has control over the amount spent on new buildings and, therefore, of the amount upon which interest must be charged to the departments annually for the capital outlay they represent.

Depreciation.

Another important item in the working expenses is depreciation—which is the annual falling off through age and use in the value of buildings and fixtures. To ascertain this falling off precisely it would be necessary to value the buildings and fixtures each year, which would be a cumbersome and costly procedure that would introduce a cause of irregularity of expenses as a result of changes in building costs. Business men prefer to adopt a policy of reducing the cost value each year by a fixed percentage either of the original value of the asset or of the reduced value—that is the original value less the amount that has been deducted for depreciation in previous years. As the duration or life of the asset is the same, no matter which method is followed, a different rate of depreciation must be adopted for the one method as compared with the other. It is usually conceded to be the wiser policy to depreciate on the original values and this is the policy which practically all co-operative societies adopt. But different assets "live" for different periods. A shop building has a longer life than the fixtures in it, which get out of date quickly, even if they do not wear out, and it has a much longer life than a motor car. Different rates of depreciation are, therefore, employed for different classes of asset: the essential point is that the annual depreciation charges relating to any asset must, in total, equal the value of the asset by the time the asset is worn out. This means, in effect, that each year's trading has then been charged with that part of the original value of the asset which may fairly be considered attributable to the use of the asset during the year.

It will be clear from what we have just said that two factors affect the amount of annual depreciation charge for any particular asset. One is the original value of the asset, and the second is the rate of depreciation adopted. Over both of these the committee has some

control. If it approves an expenditure of £1,000 more than is necessary upon a block of buildings or fixtures, the department or departments concerned will have to carry as an unnecessary trading expense, interest and depreciation upon this £1,000 and this will reduce the net surplus and dividend available. Over the rate of depreciation the committee has less control, for unless the members of the committee are unfitted for their post they will depreciate an asset entirely by the time it is worn out. But they need not draw the line so fine; and very few co-operative committees do so. As a rule, the rates of depreciation "write out" the asset before it is worn out; and in the case of some small capital items committees frequently treat the whole cost of the item as a revenue item rather than a capital item, that is, they treat the whole cost as an expense in the year in which the purchase is made, though the item—say a motor car—may last for several years afterwards.

Where over-depreciation occurs, *i.e.*, where the depreciation charge made in any one year is greater than the actual falling off in the value of the asset depreciated, the expenses, it may be argued, are unnecessarily increased in the year or years of depreciation. This is true; but the error is on the side of wisdom, since no one can be sure that the society may not wish to replace the asset before it is worn out, and such a change can be made with less disturbance to the finances of the society if the asset is well written down or written off when it is desired to make the change. And in any case, when the asset is completely written off, the department should reap the benefit since its expenses should thence-forward include no item for depreciation of that asset.

In addition to interest and depreciation charges, other items of expense which fall under the control of the committee rather than of departmental managers are certain general charges incurred on behalf of the trading departments in general or of the society as a whole. In the former case, certainly, and in the latter case, probably, the items will have to be borne by the trading departments as a part of their expenses, and they are therefore allocated between these departments on some basis decided, or approved, by the committee. Thus, office expenses, including salaries paid to the office staff, are beyond the control of departmental managers, but each department must bear its share of them as it also must bear its share of committee expenses, auditors' fees, subscriptions (not donations from surplus) to various organisations, as well as a number of other items which are small in themselves but are collectively not unimportant in the total of departmental expenses. A fairly heavy item of expense is rates; but negotiations about the assessment of departmental properties (assessments that may be unduly heavy if there has been extravagance in building) are left in the hands of the secretary or committee who are in a better position for conducting the negotiations than any departmental manager can be.

Even in regard to wage costs the departmental manager has not entire control. He may be free to engage a boy rather than a man, and free to engage temporary help rather than a permanent employee; but the rates of wages are usually fixed, or agreed to, by the committee

of management which also frequently engages, or takes a part in engaging, members of the staff, though they would be wise to leave all but the most important appointments to the departmental manager. Committees also usually approve and frequently decide promotions; and decisions in this matter may affect the efficiency of a department and its working expenses.

From the foregoing survey it will be seen that most of the big items of expense are beyond the control of the departmental manager, though he may influence some of them. He can certainly control others and should keep a watchful eye upon them. They include such items as lighting, wrapping materials and, to some extent, delivery costs. By careful supervision and good organisation he can do a great deal to keep down the burden of these expenses upon his department. The departmental manager's contribution to the efficiency of his department is, however, principally confined to wise buying, good organisation of his staff, economy in stock and use of materials, and securing the maximum amount of trade. These are important; and the success of his department depends very largely upon the ability of the departmental manager to get the best results in each case. If he wrongly anticipates what his customers will buy or if he pays too high a price for what he buys, his faults as a purchaser will be reflected in the trading results; if through bad organisation of his staff he does not get from it the contribution which each member of the staff can reasonably be expected to make, and should be expected to make, in conducting the trade of the department, or if from the same cause his wages expenses are higher than they need be, the departmental results will again reflect his lack of ability. If stock deteriorates through bad buying, overbuying, lack of care over it or failure to adapt price policy to ensure its sale, the department again will suffer, as it will through waste of gas, electricity, wrapping paper, &c.

Leakage System.

As a check upon waste, the leakage system operates in certain departments of most societies. Without introducing a reference to minor matters and adjustments, we may explain this system as one in which a shop is charged with the goods at selling prices and credited with sales and stock on hand (at selling prices). Any difference is obviously lost to the society; but as assistants must err on the customer's side when weighing or measuring goods, a small allowance of $1\frac{1}{4}$ per cent or a little more is usually made before they are charged with being wasteful. Whilst the system is open to some criticism it does undoubtedly promote a more efficient control over goods offered for sale and reduces loss from carelessness and other personal faults and defects.

Increasing Sales to Lighten Burden of Expenses.

Whilst the wise manager pays attention to all the points we have mentioned, he usually recognises that the biggest contribut ion he

can make to lightening the burden of expenses is by increasing the sales of his department, for certain expenses, *e.g.*, rental charges, rates, &c., are fixed no matter what may be the volume of trade. They are often described as fixed or standing expenses and the larger the volume of trade in relation to these expenses the lower is their rate per £ of sales. The subject of trade increase is a big one, and we can only touch it. It involves the consideration of many things, such as : a wise selection of the goods offered for sale ; a satisfactory price policy with a keen eye upon what other traders in the district are doing ; bright and attractive display of goods in window and shop ; a clean and attractive shop which contributes to making shopping a pleasure ; cleanliness, smartness and courtesy of the staff ; and adequate attention to customers. Upon most of these matters the manager exerts a greater influence than any other person ; but he is unable to control the prosperity of local industries and, therefore, lacks the power to control his customers' spending power ; but by paying attention to the points we have mentioned he will secure the maximum possible proportion of this spending power.

Balance Sheet and Statistical Record

The balance sheet at the end of the quarter or half year reveals the results of a society's operations during the period covered by the balance sheet ; but committees and managers are, quite rightly, not content to wait until that summary is issued in order to ascertain whether the various departments are working satisfactorily or not. It is customary for the committee, at its weekly meeting, or for each sub-committee where the sub-committee method prevails, to have submitted to it a report from each departmental manager, working under its supervision, accompanied by a statistical statement showing the most important data relative to his department for the week just past ; and the better the organisation of the society the more useful is the form of statement prepared and the more accurately does it represent the trading results of the week. Indeed, it is possible to-day in the best organised societies to tell, at the end of each week, within one penny, what rate of dividend the society could pay if its accounts were made up at that moment. In other societies, the statistics are not so well organised, and the committee do not know "how they stand" until the balance sheet is prepared a few weeks after the end of the half year. If the results are disappointing, hasty measures have to be adopted to avoid, or allay, the disappointment that a fall in the rate of dividend would cause. A weekly survey of suitable reports would enable the committee to discover and remedy defects producing bad results. It is only by keeping its finger on the pulse of the society week by week that the committee can efficiently discharge its supervisory functions. If the departmental sub-committee system obtains, the departmental manager meets the appropriate sub-committee and presents his report and statement in person, answers any questions that may be put to him, and discusses with the sub-committee any matters that may call for discussion. Minutes of the sub-committee meeting are recorded and,

accompanied in some cases by the reports of the departmental managers, are forwarded to all members of the general committee for consideration at the next meeting of the full committee, or, alternatively, the minutes are read at the next general committee meeting.

Co-operative societies are unique in the manner in which they distribute their surplus or profits. Whilst a company's dividend is partly interest and partly profits, a co-operative society's dividend is not arrived at until after interest on capital has been provided for, and in a retail co-operative society the balance of the surplus is then distributed in proportion to purchases. Primarily, the dividend fund is derived as a result of trading, but the surplus on trading may be reduced or increased by other operations of the society. For example, most societies have more capital than they require for their own trading purposes; and they invest the surplus in other co-operative undertakings such as the Co-operative Wholesale Society or elsewhere. They may secure in interest on this invested capital a larger sum than they pay on this amount of capital to members who have invested the capital with them; and this surplus from investments goes to swell the trading surplus available for dividend. If a society receives from its outside investments less than it pays to the members on the amount of capital thus invested, the difference is a loss and has to be deducted from the trading surplus before the amount available for dividend can be ascertained. Many societies have invested some of their surplus capital in house property, and some derive a surplus from the investment, whilst others incur a loss and the dividend fund is increased or reduced according to the result achieved.

The whole of these activities are brought to a focus in the balance sheet, which should reveal to the member of ordinary intelligence, even if he is not a qualified accountant, the results of the society's operations and the position of the society at the date of drawing up the balance sheet. Despite the recommendation of the Co-operative Congress, when considering the report of a special committee that had examined the subject, that all co-operative societies should adopt a uniform standard balance sheet, a large number of societies still adopt a form differing from that approved by Congress, though uniformity would facilitate comparisons and enable societies, through these comparisons, to improve their organisation.

A description of the accounts in the balance sheet would take us beyond the purpose of this chapter; but an understanding of the balance sheet is so important to those who wish to judge the efficiency of management of the business to which it refers that an outline of the accounts prepared on standard balance sheet lines is given in Appendix VI.

CHAPTER XXVII.

THE FEDERATIONS.

The origin and development up to date of the three great national co-operative federations, viz., the Co-operative Wholesale Society Limited, the Scottish Co-operative Wholesale Society Limited, and the Co-operative Union Limited, has already been traced. It now remains to describe their present organisation and work.

The Co-operative Wholesale Society.

The beginnings and growth of the society have been described in earlier chapters. We have seen how it has experimented in this or that direction and then, in some cases, withdrawn its activities; we have seen how, in other cases, it has timidly advanced into new fields and ever gaining strength and confidence has gained great achievements; and we have seen how its constitution has been changed as experience has shown that new conditions demanded change. To-day both its constitution and activities are determined by the lessons of a ripe experience; and it is not without significance that similar institutions in other countries turn to it for advice and help, and look upon it as a tower of strength. Depending, as it does, upon the purchases of individual consumers, mostly of the working classes, with little security of income and no great margin between their present small weekly income and starvation, it reveals the great power that even the weakest of units can create by the practice of co-operation. At the end of 1933, the 1,052 society members of the Wholesale Society (themselves possessing 5,488,364 members), had contributed £10,784,019 of share capital, and many million £s of loan capital. Whilst the capital qualification for membership of the Wholesale Society has been raised from time to time, and such alterations can not now be enforced except in regard to new members, most of the existing societies have taken up the enlarged share capital holding which successive alterations of the rules have made possible. The rules to-day provide that each society-member shall take up one transferable share of the value of £5 for each two of its own members.

Members' Meetings and Voting.

Formerly, the voting strength of each society was in proportion to the number of shares it had taken up, and therefore in proportion to its own membership, so that each individual co-operator, whether he was a member of a small society or a large society, counted equally in the control of the society. But co-operative opinion recognises that whilst capital is required to build warehouses and factories it is trade that keeps them at work; and a few years ago the voting basis

was altered and the volume of trade became the chief factor in determining the number of votes a society can exercise. To-day, the basis of voting is one vote in virtue of membership, one vote for the first £10,000 of trade during the preceding twelve months, and one vote for each complete £20,000 of trade beyond that amount. The equity of the trade basis of voting has never been seriously questioned since its adoption. The votes of societies are recorded, in the main, at the members' meetings; and the number of delegates permitted to a society is the same as the number of votes the society may cast; but if a card vote is called for, one delegate carries the voting card and all the votes of a society are recorded according to the manner in which that card is used. For some purposes, however, *e.g.*, the election of directors, auditors, and scrutineers, and in a referendum, the vote is a postal one, and a society's votes are then cast together as one unit.

Members' meetings are held quarterly—in January, April, July, and October. Formerly a balance sheet covering six months' operations was presented at the April and October meetings, a report and other competent business being considered at the January and July meetings. Now, however, by an amendment of rules approved at the July, 1934, meetings, only one balance sheet per year—made up to the second Saturday in January—is issued, and this is submitted at the April meeting. The meetings of members' representatives are held in sections at different centres, the same agenda of business and resolutions being submitted at each sectional or divisional meeting as the meetings are termed; and these divisional meetings are followed a week later by a final general meeting held at Manchester, when the same agenda is once more submitted, and the votes recorded at the divisional meetings are totalled and added to those cast at the final meeting, the result of the voting throughout the country being thus ascertained and declared as the decision of the members. A delegate's ticket entitles the delegate to attend either the final meeting or one of the divisional meetings, and is then exhausted; but the method permits a society to attend any meeting it desires and select the one which, for reasons of economy or for other reasons, it prefers. The method also permits a society which desires to propose some resolution or speak upon some item of business to be represented at two or more of the divisional and final meetings, provided it does not exceed the number of delegates' tickets to which it is entitled. The votes of the society may likewise be cast at any of the meetings, divisional, or general, and they will have the same influence whether given at a divisional or final meeting. At the July, 1934, meetings, 2,422 delegates attended from 705 societies, and the votes recorded on an alteration of rules numbered 3,778. Many societies do not appoint the number of delegates to which they are entitled, but are not disfranchised thereby, for if a card vote is demanded eight days before the date of the divisional meeting by 20 societies, one of the attending delegates may carry the voting card which carries the full voting strength of the society. It is customary to employ the card vote for alterations of rules, and this explains the difference

between the number of delegates and number of votes cast at the July, 1934, meetings mentioned above. According to the rules, eight divisional meetings are held, one each at Manchester, London, Newcastle, and such other places as the General Meetings from time to time direct, and these are to be followed by a final meeting at Manchester on the Saturday following the date of the divisional meetings.

Following a recommendation of a Committee of Inquiry which reported in 1929, a special private session, described as the Balance Sheet Conference, is held on the Saturday morning of the days when the Balance Sheet is to be considered at the afternoon divisional and final meetings. The purpose of the Balance Sheet conferences is to provide societies with an opportunity of asking questions and securing information of a private and confidential nature that could not be appropriately asked or given at the meetings in the afternoon when the Press is present. The conferences are limited in size, no society-member being allowed to appoint more than three delegates to attend them, and not more than one of these delegates may be other than a member of a committee of management or an official of the society-member.

A referendum on any proposal to be submitted to the General Meetings of the society may be called for by the Board of Directors or by a requisition signed by or on behalf of not less than 20 members, the requisition to be received by the Board eight clear days before the divisional meetings are to be held. The proposal is then discussed at the divisional and final meetings, and unless the adjournment of the proposal is carried, the Board forwards to members of the society within seven days of the final meeting a voting paper containing the proposal and any amendments; and the voting paper is returnable to the scrutineers within 14 days after issue by the Board.

Directors, Auditors, and Scrutineers.

The election of Directors (28), Auditors (4), and Scrutineers (2), is carried out by a postal vote. The regulations relating to the election of directors are numerous, and we shall summarise, here, only the more important ones. For representation and other purposes, England and Wales are divided into three districts, viz., Manchester, Newcastle, and London; and the Board consists of fourteen members elected from the Manchester district, six from the Newcastle district, and eight from the London district. No person other than a retiring director may be elected to the Board unless he is under 50 years of age at the date fixed for receiving nominations, and directors must retire at the quarterly meeting succeeding their 68th birthday, and are then ineligible for re-election. Retiring directors are automatically nominated for re-election unless they give notice at least three months before their term of office expires that they do not intend to seek re-election. Other candidates are nominated by member-societies from their own members of at least one year's standing, but not more than one member of any society may be on the Board at the same time unless one of them gained his

seat as the nominee of a society which subsequently became amalgamated with, or was taken over by, another society, one of whose members was already on the Board. Candidates are deemed to be nominated for the district in which the registered office of their nominating society is situated. Canvassing, by or on behalf of candidates, is prohibited, but candidates are permitted to supply to the society an address for the members embodying a statement of their qualifications for the post they are seeking, and a copy of a photograph. All the addresses and photographs are printed by the society, and a copy of each one is supplied in book form to all members of the society prior to the election. Directors are elected by the transferable vote system for a period of four years, and their retiral and election are distributed as evenly as possible. The voting is supervised by two scrutineers who are appointed by postal vote in March each year. The directors are whole-time servants of the society, and are pensionable. They may not hold any other paid office or office of profit save on behalf of the Board or with its approval as being in the interests of the society, and any fees received must be handed over to the society. But directors hold many appointments on behalf of the Board in co-operative organisations, such as the National Authority and the Co-operative Party, on the committees of societies which are under supervision, on Government committees, infirmary boards, &c.

Whilst the number may at any time be determined by a General Meeting of the society, the society has four whole-time auditors. In general, the conditions applying to the appointment of directors apply to the appointment of auditors, except that the maximum age condition on the date of nomination which applies to directors does not apply to auditors. The auditors must, of course, be Public Auditors.

There are two scrutineers at present (1934), but a General Meeting may increase the number. The scrutineers are elected in March and hold office until the first Ordinary General Meeting in the following year. They are elected under the same provisions as the Board, by nomination and voting papers.

Board of Directors and Its Work.

The directors work through three main committees—Grocery, Drapery, and Finance—except in regard to certain matters provided for in the rules which are to be dealt with by the Board on reports from the committee concerned.

The present constitution of the Grocery Committee provides for 10 members—five from the Manchester district, three from the London, and two from the Newcastle district; and the Drapery committee is similarly constituted, whilst the Finance and General Purposes Committee consists of eight members—four from the Manchester district and two each from the London and Newcastle districts. Each department or branch of activity, unless it be an item reserved for

the Board, is assigned to one of these main committees which further divide themselves into sub-committees for more detailed work. The divisional representation on committees—which operates in the sub-committees as well as in the main committees—ensures consideration of the needs of all parts of the country and contributes to the adoption of a more uniform and consistent policy than would otherwise be possible. But the Wholesale Society, in addition to its own departmental activities, is linked up with other co-operative and with outside bodies, and the connection with these bodies is maintained through the appropriate committee unless special circumstances operate. Thus the Finance Committee, which has charge of the society's insurance business, provides the Board's representatives on the Co-operative Insurance Society. Whilst the members of the committees, individually or in small groups, visit the departments and factories under their charge from time to time, and also interview their managers at committee meetings as may be thought desirable, they keep in close touch with the work that is being done by means of an excellently organised system of reports and statistics. The minutes of the committees with any recommendations of the committees are submitted to the Board at its next weekly meeting, and when confirmed become the official decisions of the society. The Board meets weekly unless special circumstances make a departure desirable; and 15 members form a quorum. Meetings of the Board are held every eight weeks at Newcastle, and once every four weeks at London, the remaining meetings being held at Manchester. By the rules, a chairman and vice-chairman of the Board are to be appointed by the Board, and at the final meetings of members the chairman of the Board and, in his absence, the vice-chairman, presides. The Board appoints from its own number the chairmen for the divisional meetings.

The Scottish Co-operative Wholesale Society.

The S.C.W.S.—to employ the short title usually accorded the society—is in many respects similar in constitution and work to the C.W.S.; but there are some differences, and these differences will be noticed by the reader as we describe its organisation. Whilst the C.W.S. admits companies registered under the *Companies Acts* as well as industrial and provident societies to membership, the S.C.W.S. does not accept companies but does admit employees to membership. Moreover, the S.C.W.S. does not admit, as members, industrial and provident societies which traffic in intoxicating liquors, but no such barrier exists in England. The shares of the S.C.W.S. are transferable ones of £2 each. Employee-members must apply for not less than five shares, and may hold not more than £200 in all, whilst societies must hold one share for each of their members as returned in their last annual return to the Registrar of Friendly Societies, though they may take up more shares than this compulsory holding if they desire to do so. Loan capital, also, is accepted from societies; and a custom, which

does not prevail in England, for societies to pay sums in advance on account of purchases, past and future, adds further to the capital of the Wholesale Society which does not organise a banking department as the C.W.S. does, although its rules give the society power to do so.

The S.C.W.S. differs from the C.W.S., in that, by its rules, ½d. per £ of sales must, at the end of each accounting period, be placed to a reserve fund to be used for business purposes only, whilst a special fund is created by the allocation of 1¼ per cent of the net surplus available at the end of each trading period, and this special fund may be applied to such purposes as the general meeting, by a two-thirds majority of the votes cast, may direct.

Members' Meetings and Voting.

Quarterly meetings are held in Scotland as in England; but the divisional meetings which obtain in England have no counterpart in Scotland, where the March and June meetings are always held in Glasgow, and the September and December meetings in Edinburgh. Balance sheets for the half-years ending in June and December are presented to the September and March meetings. As in the C.W.S., voting power in the S.C.W.S., beyond each society's vote in virtue of membership, depends upon purchases. The society with the largest purchases during the preceding quarter is given 50 votes; and other societies exercise such a number of votes as bears the same relation to 50 as their purchases bear to those of the society with the maximum amount of purchases. One delegate to the Wholesale Society's meetings is permitted for each vote; and all delegates must be *bona-fide* purchasing members of the societies they represent. Employees are entitled to appoint one delegate to the general meetings; but if the number of shareholding employees is in excess of 150 they may elect another of their number to represent them; and for every additional 150 employee-members one additional delegate may be appointed. For the purpose of selecting delegates and the transaction of other competent business, shareholding employees must form themselves into an elective body that must meet once every three months.

President, Secretary, and Committee.

The S.C.W.S. differs from the C.W.S., also, in the number of its directors and the fact that the members of the society elect the president and secretary (who is a member of the Committee). (In England, the Board elects the president and appoints the secretary of the society, who is a salaried official and not a Board member). Including the president and secretary, the committee consists of 12 persons who are salaried, and required to give the whole of their time to the service of the society. They are elected for a period of two years. The cycle of elections is as follows: The president and two members of the committee are nominated at the quarterly meeting in June, and elected at the September meeting; three months later (the December meeting) three members of the

committee are nominated for election at the March meeting; the secretary and two members of the committee are nominated at the following June meeting, and elected in September; and three members of the committee are nominated at the December meeting and elected at the following March meeting. Candidates for the committee must have been for at least five years *bona-fide* purchasing members of one or more societies members of the Wholesale Society, but this condition being satisfied they may be nominated by any member of the society, provided that no society is entitled to have more than one of its members on the committee at the same time. Nominations are "to be accompanied by a brief statement of the candidate's age, calling, duration of membership, and positions held in the Co-operative and Trade Union movements, also public boards or committees, same to be printed and circulated" by the Wholesale Society with the first voting paper. For the further information of the voters, a society nominating a candidate is allowed "to state briefly the qualifications of their nominee, and circularise same to the members" of the Wholesale Society at a cost not exceeding £20. The election of the president, secretary, and other members of the committee proceeds by an exhaustive vote which continues until one candidate obtains more votes than all other remaining candidates combined. The auditors act as returning officers, and after the first vote they strike out the names of one or more candidates at the bottom of the list, and submit the revised list for a further vote, and this process is continued until one candidate secures a majority of all votes cast. The president, secretary, and other members of the committee are now pensionable and are not eligible for re-election after reaching the age of 68.

Auditors.

The society has three auditors, who are elected for one year, and retire successively at the meetings in March, June, and September, but are eligible for re-election. They also engage in private practice, and in this respect differ from the auditors of the Co-operative Wholesale Society.

The Co-operative Union.

If the British Industrial Co-operative Movement possesses a sense of unity to-day it is largely due to the existence and work of the Co-operative Union. We have seen in earlier chapters how individual societies groping their way to success through experience that was often sad and sometimes fatal, felt the need of a central organisation to which they could turn for advice and assistance. That need, the Co-operative Union supplies. Although societies to-day in their greater strength no longer need the kind of help and advice which young and struggling societies require, even the strongest of them would suffer if it were isolated from the rest of the societies. A moment's

reflection will show how valuable united action is on questions such as the agitation against the income tax imposition of 1933. But there are many others; and experience has shown that instead of united action having become less necessary as societies have grown larger, it has become more necessary. There has consequently been a continuous expansion of the activities of the Co-operative Union, and pressure is constantly being exerted upon it to extend them still further.

Membership.

The Union admits to membership all types of *bona-fide* co-operative societies—retail, wholesale, and productive—and practically all distributive societies are in its ranks; but agricultural societies have so far held aloof. The Union operates throughout the whole of the United Kingdom.

At the end of 1933, there were 1,195 societies in membership of the Union. This number is likely to decrease rather than increase, for amalgamations of existing societies are bound to take place; but the test of the strength of the Union is not so much the number of societies in membership as the number of members of societies, and from this point of view the Union grows ever stronger. Its power and authority are derived from its constituent societies; and the annual Congress—which is the annual meeting of the members of the Union—is a final court of decision on all questions of policy and action. To the Congress and its work we shall return later.

A society joining the Union must take up one transferable share of the value of 5s. Thereafter it must pay an annual subscription. If it is a retail distributive society this subscription is at the rate of 2d. per annum for each of its own members; if it is a society other than a retail distributive society, the rate of subscription is fixed by the National Executive. Each distributive society is entitled to one vote (at Congress and in elections) for each 1,000 members upon which it pays an annual subscription, the Executive or Central Board deciding the number of votes to which societies other than distributive ones are entitled. The appointment of delegates to the annual Congress is not strictly on a membership or a subscription basis. Distributive societies are entitled to one delegate for the first 1,000 of their members (or part thereof in the case of societies with fewer than 1,000 members) and one delegate for each additional 5,000 members or fraction thereof; but the maximum number of delegates which any one such society may appoint to attend Congress is six, but these delegates carry the full voting strength of their society. A society consisting of other societies, and societies whose subscriptions are fixed by the Executive Committee, are allowed such a number of delegates as the Executive Committee or the Central Board may authorise. Besides the delegates from subscribing societies other representatives may attend Congress. They include (*a*) all members of the Central Board; (*b*) (with the approval of the sectional board) one delegate appointed by each

conference association; and (*c*) not more than three representatives from the Co-operative Party. Whilst the persons appointed under (*a*), (*b*), and (*c*) may take part in the proceedings of Congress as if they were delegates of societies they are not entitled to vote.

Union and Congress Committees.

A Congress held once a year is obviously unfitted for dealing with the many matters which call for decision and action during the year; and Congress has approved the establishment of various committees to act on its behalf, giving to these committees certain powers subject to its own rights as a final authority. To an outsider, and even to many active co-operators, the machinery of the Union seems complicated; but it has been created to meet the special needs of the Movement, and its construction has been guided by experience. For purely internal matters, the most important bodies are the Central Board and the National Executive, which the Central Board elects from its own number to act on its behalf; but two other committees which unite representatives of the Union with representatives of other national co-operative organisations are also important. These are the National Authority and the Joint Parliamentary Committee; whilst the Co-operative Party, in the sphere of politics, is the Movement's vehicle of expression and, like the National Authority and Joint Parliamentary Committee, is a joint body. It represents not only the Union and politically active societies, but also national co-operative organisations, such as the Wholesale Societies and the Guilds.

This list by no means exhausts the whole of the committees of the Union or Congress, not even all the very important ones; but they merit special notice, either because of their authority, their representative nature, or their special relationships to Congress.

Central Board.

Of these various committees, the Central Board is the oldest; and it is the committee of management of the Union within the meaning of the Industrial and Provident Societies Act. It is elected annually by the members of the Union; and takes office at the conclusion of Congress. For the Union's administrative purposes, the whole of Great Britain is divided into eight areas, known as sections, for each of which a sectional board is appointed; and for Ireland a Conference Association Executive of seven persons is appointed, which enjoys some, but not all, of the rights of a sectional board. Each section is further divided into smaller areas known as conference association areas or districts, in each of which a conference association operates under the supervision of the sectional board for the area. The whole of the sectional boards (plus two representatives from the Irish Conference Association Executive and any members of that Executive who are members of sub-committees appointed by the Central Board),

sitting together, constitute the Central Board which consists of 74 + members. The following table gives a list of the sections, the number of members of each sectional board, and the number of districts at present organised in each section :—

Section	No. of Members of Retail Societies in Section in 1933.	No. of M'bers of Sectional Board	No. of Districts in the Section	Situation of Sectional Office.	Secretary.
Midland	1,006,583	11	10	Worcester	Whole-time
Northern.....	581,917	7	7	Newcastle	Do.
North-Eastern	910,037	8	6	Leeds	Do.
North-Western	1,385,844	13	11	Manchester	Do.
Scottish	785,472	10	11	Glasgow	Do.
Southern.....	1,661,055	11	10	London	Do.
South-Western	316,790	6	4	Sec's Home Address	Member of Board
Western	208,461	6	4	Do.	Do.
Irish Conference Association	60,979	7	1	Belfast	Whole-time

The election of Central Board members proceeds by the election of the Sectional Boards by the societies in the respective sections. Similarly, the Irish Executive is elected by the society-members of the Union in Ireland. Each section is divided into two or more electoral areas for each of which two or more representatives are elected. Elections for electoral areas replace the district elections that formerly existed in some sections. The new method, through the grouping of districts in the electoral areas, does something to ensure the representation by each elected person of approximately the same number of individual co-operators, and sectional voting helps to avoid the domination over voting that might occur in district representation if in one district one large society existed surrounded by a number of small ones. Members of the Union in any section may nominate for each electoral area in that section a number of candidates equal to the number of representatives which the area is entitled to have on the sectional board ; and their votes may similarly be cast for the number of representatives to which each electoral area is entitled. By this method the confining of membership of the sectional board to members drawn from one part of the section is avoided. A candidate for the Central Board, *i.e.*, a Sectional Board, must be a fully qualified shareholding member of some society-member of the Union, and resident in the electoral area for which he is nominated, also he must for twelve months have been a member of a society-member of the Union, and must have the purchasing qualifications (if any) of a director in his society, but need not be a member of the society by which he is nominated. The chairman of the Central Board is elected by a postal vote from a list made up of nominations from the sectional boards.

By the rules, two regular meetings of the Central Board must be held each year—one for approving the Board's Report to Congress and any other business brought forward in accordance with the rules, and one during or immediately after Congress to consider the appointment and constitution of the various committees required for carrying on the work of the Union and/or authorising the Executive to make the necessary arrangements for the appointments, and to transact any other business referred to it by Congress or a previous meeting of the Central Board, or brought before it by any of its members. Actually, additional meetings—usually two per year—are held; and a special meeting of the Board may be called on a requisition signed by not less than 20 members. The bulk of the work of the Central Board is done through the sectional boards, whose activities will be reviewed later.

Executive Committee.

The Executive Committee* consists of one member appointed for a year, from and by each sectional board and the Irish Executive, together with the chairman of the Central Board who is, *ex officio*, a member and chairman of the Executive. Substitutes may be appointed by sectional boards to take his place if their nominee is unable to attend any meeting of the Executive Committee. The Executive, which determines for itself the frequency of its meetings, usually meets once a month, and at its meetings receives for approval the Minutes of the meetings of the various sectional boards, receives and considers reports from the departments directly under its control, and transacts other business of an executive character. Subject to any resolution of Congress or the Central Board, the Executive Committee controls the disposal of the funds of the Union according to the Union's rules; it appoints and, if needful, removes all officers of the Union and fixes their duties and salaries; it appoints committees for any purposes connected with the operations of the Union; it publishes, or authorises the publication, in the name of the Union, of any works of which it may approve; and it transacts any other business or authorises any other matters which it may consider to be conducive to the welfare of the Union and the proper conduct of its operations. Resolutions of the Executive Committee within its powers given by the rules of the Union are binding on all members of the Union to the same extent as if they were resolutions of Congress. The Executive controls directly the work of the following headquarters' departments of the Union, viz., Legal, Finance, Publications, Agricultural, Labour, and Statistical, and through the Educational Executive the work of the Education Department.

National Co-operative Authority.

The National Co-operative Authority was established as a result of a recommendation of the Special Committee of Inquiry, whose report

*Whilst "Executive Committee" is the proper and legal title of the committee, the practice of referring to the Executive as "National Executive" should be noted.

was adopted at the Glasgow Congress of 1932. Its establishment was due to the growing feeling that greater unity among the various national co-operative organisations was necessary. It was not unknown for different organisations to take different views upon the same question, and in the absence of opportunities for consultation and discussion the expression of different opinions could hardly be avoided. The National Co-operative Authority, which is representative of the principal national co-operative organisations, provides the opportunity for arriving at a common decision and for the Movement to speak with one voice, and that voice the voice of authority. Moreover, the existence of the National Authority makes possible greater unity of action among the constituent bodies of the Movement, and strengthens the Movement in any action it may take. Nevertheless, it must not be forgotten that the National Authority, like the Co-operative Union, is a servant not a master; it can recommend, but can not compel, societies to take action along the lines it thinks desirable. But the number of cases where unity of policy and action strengthen the Movement are numerous, and, consequently, good work can be done and has been done by the Authority despite the limitation noticed. The Authority's membership is made up as follows :—

1.	The Executive Committee of the Union.....	10 members.
2.	The Co-operative Wholesale Society Ltd.	3 ,,
3.	The Scottish Co-operative Wholesale Society Ltd.	2 ,,
4.	The National Co-operative Publishing Society Ltd.	1 member.
5.	The Co-operative Productive Federation.....	1 ,,
6.	The Co-operative Party	2 members.

The chairman of the Central Board and Executive of the Union is the chairman of the Authority and the General Secretary of the Union is its secretary.

Joint Parliamentary Committee.

The functions of the Joint Parliamentary Committee should not be confused with those of the Co-operative Party. Whilst the Co-operative Party is mainly concerned with securing the election to Parliament and local governing bodies of co-operators, and helping these members to protect the Movement's interests when they are elected, the Joint Parliamentary Committee is responsible for watching prospective and existing legislation and regulations bearing upon the activities of the Movement. Those who have watched the working of Parliament and local authorities during the last twenty years will need no reminder of the importance to the Movement of a special committee whose work is to see that as far as possible justice is done to the Movement and its members. Parliamentary legislation and departmental orders calling for the careful scrutiny of the Committee and

its secretary are poured out in a never-ending stream; and without a department whose special function is to examine them from the Movement's point of view, even greater injustice to the Movement would have been done than it has in fact suffered, as a perusal of the annual reports of the Committee to the Congresses of recent years will amply demonstrate. Because of the nature of its work, the office of the Joint Parliamentary Committee is in London.

The Committee's constitution provides for the following membership :—

Central Board (elected by a postal vote).....	6 members.
Co-operative Wholesale Society Ltd.	2 ,,
Scottish Co-operative Wholesale Society Ltd.	2 ,,
Co-operative Productive Federation	1 member.
Secretaries' and Managers' Associations (jointly)...	1 ,,
Co-operative Party.....	2 members.

Co-operative Party.

The work of the Co-operative Party is to secure the election of co-operators as members of the Party to Parliament and local governing bodies. Its constitution and finances differ from other committees and departments of the Union. It is controlled, ultimately, by Congress decisions; but its governing body is representative of the Co-operative Union and the societies which contribute directly to its funds, other co-operative organisations also being authorised to appoint representatives to its National Committee. Its funds are provided by subscribing affiliated societies (£9,533 in 1933) and by the Co-operative Union. Its National Committee, which consists of 26 persons, is for detailed work, served by an executive committee of eight persons. The constitution of the National Committee is as follows :—

Sectional Boards (one representative each)	8 members.
Affiliated Societies (one representative for each Section)	8 ,,
English Women's Guild	1 member.
Scottish Women's Guild	1 ,,
National Co-operative Men's Guild	1 ,,
Co-operative Productive Federation	1 ,,
Co-operative Wholesale Society Ltd.	2 members.
Scottish Co-operative Wholesale Society Ltd.	1 member.
Joint Parliamentary Committee	2 members.
Educational Executive	1 member.

N.B.—The Irish Societies take no part in the work of the Co-operative Party.

At the end of 1933, 462 societies with a membership of 4,083,531 persons were affiliated to the Party, which thus enjoys, directly, the support of societies with more than one-half of the total membership of the Movement. In order to further its main purpose of securing the election of its nominees to Parliament, the National Committee prepares a panel of approved persons who are willing to accept nominations as Parliamentary candidates, and consults with local Co-operative Parties when the latter are selecting candidates. By the issue of literature and in other ways it assists candidates and prospective candidates through the cultivation of opinion favourable to the Co-operative cause. Besides the thousands of leaflets and pamphlets which it issues through the Publications Department of the Union, the Party also publishes through the same agency Monthly Notes for speakers, and a Monthly Letter to Guild members; and it stimulates the issue by local Co-operative Parties of the *Citizen*, a localised newspaper, of which over 600,000 copies per month are now issued. Meetings, demonstrations, an annual conference and a summer school are also organised by the National Committee. In many towns a local Co-operative Party has been organised, either from the politically active members of the local society or of two or more societies in the district; and these local parties maintain a close connection with the central office and committee. Besides watching over political activities before and during Parliamentary elections, the local parties are active in securing the election of co-operators to local governing bodies. Under an agreement ratified by the Cheltenham Congress, co-operation with the Labour Party is maintained, candidatures and matters of policy being discussed by the two bodies through a national joint committee. In Parliamentary elections the Party has met with varying success, but suffered heavily in the election of 1931, there being at present (1934) only one Co-operative Member (Mr. W. Leonard) in the House of Commons. The Party's policy has been amplified in a series of pamphlets—the Britain Reborn Series—but the Reports of the Party to Congress also contain a statement of that policy. Like the Joint Parliamentary Committee the Co-operative Party maintains its central office in London.

Trade Associations.

The need for greater unity of action in the face of a unified opposition or of Government action, brought about the approval by Congress of the establishment of Trade Associations representing the wholesale societies and the retail societies concerned with the particular trade which each association was formed to protect and promote. As was pointed out in an earlier chapter (Chapter XXI.) two associations—the Co-operative Milk Trade Association and the Co-operative Coal Trade Association—have been established. Societies in the Milk and/or Coal trade may join the sectional organisation for their trade, and from each sectional executive (eight in all) a representative to a National Executive, consisting of 13 members is appointed.

Two of the other five members are appointed by the Union's National Executive, two by the C.W.S. and one by the S.C.W.S. It seems likely that this form of organisation will spread. The associations keep the Movement in close touch with national developments in the trade they represent, and they use their efforts to increase the volume of the Movement's share of this trade, and seek to induce societies not already undertaking it to do so. Statistics compiled by the Milk Trade Association show that 471 societies with a membership of 5,423,955 sold 123,874,205 gallons of milk in 1932. These figures are based upon replies to a questionnaire; and the quantity of milk quoted as the volume of sales in 1932, will be an understatement of the quantity of milk handled, which is estimated at 150,000,000 gallons. In the same year (1932), out of 690 members of the Coal Trade Association, 668 societies representing 5,926,139 members supplied information which showed that during the year they sold 5,195,324 tons of coal of the value of £9,621,622. It is therefore fairly safe to say that including coal used industrially, the Movement handles approximately 6,000,000 tons of coal per year. When it is remembered that many members of co-operative societies are miners, some of whom obtain coal direct from the colliery on special terms, the quantity handled, though less than it should be, is very creditable. It is important that the societies which control a volume of trade in milk and coal represented by these figures should work together in their common interest; and the Trade Associations enable them to do so.

Other Committees.

There are other committees working under the auspices of the Union, some of them joint committees, *e.g.*, Joint Propaganda and Trade Committee; but the work and constitution of these committees have been so fully described in other chapters that little more than repetition would be possible if they were described here. The more important ones are: (1) The Educational Council and Executive, and the Joint Committee on Technical Education (Chapter XXIX.); (2) the Joint Propaganda and Trade Committee* (Chapter XXII.); and (3) the National Conciliation Board (Chapter XX.).

Departments at Headquarters.

The departments at the headquarters of the Union are Education, Legal, Finance, Publications, Labour, Statistical, and Agricultural. The work of the Education and Publications departments is fully described in other chapters; but a brief description of the functions and activities of the other departments will be in place here.

For many years the Union has had the services of a qualified legal adviser, who has been at the service of societies desiring legal advice. As societies grow larger they have less need to call upon his services for the kinds of advice they needed when they were smaller; but the crop of new legislation has added to his work, and he not only attends

*This committee consists of eight members, four appointed by and from the Union's Central Board by a postal vote, and four appointed from and by the Board of the Co-operative Wholesale Society Ltd.

at the head office two days per week, but also visits some of the sectional offices on appointed days when he may be consulted; and many legal questions are answered by post. A legal adviser in Glasgow is also available for consultation by Scottish societies.

The importance of the Finance department has increased very considerably during recent years. War-time taxation threw great burdens upon it; and rating and taxation questions since the end of the war have become more numerous and more complex, leading to further demands upon it; whilst the recent income tax legislation has added so enormously to the work it has to do as to necessitate an increase of staff.*

The establishment of the Labour department was decided upon by the Central Board at the Swansea Congress in 1917, when labour questions and problems were becoming more numerous and more complex. The department not only acts for societies in regard to Labour matters, and maintains contact with Hours and Wages Boards and the National Conciliation Board, but supplies information to societies on questions affecting conditions of employment, and watches over the Movement's interests in regard to Trade Boards and joint national committees for dealing with wages and labour conditions generally.†

The Statistical department collects, tabulates, and analyses the statistics relating to societies as published in the Annual Congress Report; but it undertakes much other work in addition. It issues on behalf of the Executive Committee and the Union's departments questionnaires seeking information, and tabulates the replies when received; and it answers many queries of a statistical nature from societies and other co-operative organisations.

The Agricultural department has a multiplicity of tasks. In its early days it was busily occupied in advising societies possessing farms; but the need for this advice, because of the services the department has already rendered, is less urgent than it was. But this does not imply a reduced need for the department, as it has found its work very considerably increased in other directions as a result of the legislation relating to agriculture during recent years. To protect the interests of the consumer when meeting Ministers and Government departments regarding proposed or existing legislation or regulations, technical knowledge is often required, and this need is met by the Agricultural Organiser, who is head of the department. The department has also been responsible for much of the development of the Movement's milk trade; and the services of the Organiser are constantly in demand for advisory purposes by societies with dairies, or by societies desiring to establish one.‡

*See also pp. 228 and 232. †See also pp. 220 and 229.

‡See also p. 231.

Sectional Boards.

Whilst the work of the national committees of the Union and of the departments at headquarters is of great importance, the service of the Union would not be complete if there did not exist some closer connection between the Union and societies than could be maintained by national committees. This need is met by the sectional and district machinery of the Union. We have seen, above, that eight sections each with a sectional board exist in Great Britain, and that a Conference Association with an executive exists in Ireland. It is the function of these boards and the Association to do the Union's work and watch over the Union's interests in the areas for which they are elected. If a society is in difficulties it will consult the sectional board; if a group of interested persons desire to establish a society the matter will be referred, ultimately, to the sectional board for attention, and the board will give what help it can; and if overlapping between two societies arises, the sectional board will try to arrange matters in consultation with the societies affected. The boards also serve as a connecting link between societies and the central committees when the latter desire to ascertain the general feeling of the Movement regarding particular questions, and this is very valuable when important decisions have to be taken. Again, if it is desired that the attention of the Movement shall be directed to some question by conferences or in some other way, the Executive Committee will work through the sectional boards and ask them to take action. The sectional boards are kept informed of what national committees are doing by their representatives upon these committees and by the circulation of the Minutes of their meetings; and they can, and frequently do, make representations to the Executive Committee or the appropriate committee upon any question where they consider it important their opinion should be voiced. Sectional boards meet monthly; and at their meetings they consider matters referred to them from headquarters, the minutes of other sectional boards and Union committees, and letters from societies asking for help or advice; they appoint representatives to attend propaganda or other meetings of societies, or appoint members to attend conferences and other committees or meetings. Quarterly conferences of societies in the section are organised by the sectional boards, and special conferences are arranged as may be required. Through these conferences the opinions of societies are gathered, information is diffused and a stimulus given to co-operative activity in the sections.

District Associations.

Working in smaller areas than the sectional boards the district associations are in closer touch with the societies than the sectional boards can be. The regulations issued in May, 1934, by the Executive Committee of the Union, provide that each district association shall be governed by an executive which includes one member of the sectional board, and *either* eight persons (of whom the secretary must be one)

elected annually by the society-members of the Union in the district, *or* one representative from each member-society in the district elected annually by and from the management committee of each such society, the district secretary being appointed annually by the remaining members of the Executive. A district association has power to co-opt not more than two representatives from auxiliary bodies, but such representatives have no power to vote upon matters of constitution or expenditure of funds and their expenses are not chargeable to the Co-operative Union. District associations endeavour to strengthen the societies in their district by advice and help. They keep the sectional boards informed of what is taking place in the district, and may appoint two members of their executive to attend any sectional conference or other meeting to which they may be invited by their sectional board. The principal activity of most district associations, however, is to organise conferences, usually held quarterly, for the purpose of considering some subject referred to them by the sectional board, or selected by the association because of its importance.

The Annual Congress.

This chapter may fittingly conclude with a description of the Annual Co-operative Congress, where the work of the past year of the Union, its committees and its member-societies, is reviewed. The Congress is held in each of the eight sections (and Ireland) in rotation; and takes place at Whitsuntide. It is organised by the Union through a Reception Committee, upon which local societies, as well as the Union and the inviting society, are represented. About 2,000 delegates attend, and as meeting halls sufficiently large and numerous for the Congress itself and auxiliary meetings—an exhibition is also usually arranged during Congress week—are not to be found in every town, Congress can, in fact, meet only in a relatively small number of places in each section.

Congress itself opens on Whit-Monday morning, and concludes the following Wednesday. For many years now it has been customary for the local authority to give a civic welcome to the Congress through its Mayor. The Congress meeting with its sea of 2,000 faces eagerly turned to the platform, is an impressive and inspiring sight, and the opening session, with the Mayor giving his civic welcome, is perhaps the most impressive period of the whole Congress. The incoming president, who has previously been appointed by the Executive Committee, after receiving suggestions from the Reception Committee, is then installed and delivers his presidential address. This is an important occasion. Whilst he usually reviews, briefly, the progress of the Movement, more attention is paid by the delegates to what he has to say by way of criticism of the Movement and his description of its weaknesses which need attention, but most attention is paid to his suggestions for strengthening the Movement and directing its further advance. Whilst no discussion of the address takes place at Congress, the address frequently forms the subject of many subsequent

conference discussions, and points in it will often be quoted by speakers during the Congress. Following the conclusion of the address, Congress receives fraternal delegates. They represent government departments, co-operative organisations at home and abroad, and kindred movements, such as the Trades Union Congress, the Workers' Educational Association, and the National Union of Teachers. It is customary for the representatives of foreign co-operative organisations, and of some of the other bodies, to convey the greetings of their organisation in a brief speech. This part of the Congress agenda being completed, the delegates settle down to consider the routine business which is principally embodied in the report of the Central Board. This report reviews the activities during the past year of the Central Board, and of the various committees and departments of the Union. Frequently some item in a part of the report necessitates the voicing of the opinion of the Congress, or its views regarding future policy may require to be registered, and to meet these needs a resolution will be submitted and discussed. The report of the Central Board being disposed of, resolutions sent in by societies are considered, the place of the next Congress is decided, and the meetings conclude with a vote of thanks to all who have contributed to the success of the Congress and its organisation, and with the singing of "Auld Lang Syne."

Besides the official Congress meetings, many other meetings are held during the period of Congress. Usually, an exhibition is held, and is opened on the Saturday afternoon prior to Whit-Monday; one or more public meetings are held on the Saturday evening, and are addressed by national co-operative leaders; the Guilds hold a joint rally one evening; the Educational Executive arranges a meeting addressed by a prominent educationist; and there is usually a reception and dance on one evening, and an excursion for Congress delegates on the Thursday following the close of Congress. Whit-Sunday is also utilised, there being a Congress P.S.A. in the afternoon and a demonstration of the Co-operative Party in the evening. Such a programme—which does not include the annual meetings of the Secretaries' and Managers' Associations and their trade union (the National Union of Co-operative Officials), or the breakfast arranged by the Co-partnership societies, or the tea usually arranged by the National Co-operative Publishing Society—provides the opportunity for a strenuous six days for delegates who take their work seriously. Such delegates take home a note book filled with notes and impressions, that will form the basis of a report to their committee or society, and of many addresses to branches of the guilds and other organisations. Sometimes a querulous co-operator asks whether Congress is worth while, whether the expense is justified. The answer is short. If Congress were abandoned it would almost immediately be reintroduced. If the co-operation of individuals in a local society strengthens those individuals, so does the co-operation of societies in the Co-operative Union, and the annual Congress strengthen *them*. The discussion and adoption of a national policy which would not have the same

reality without national meetings, at which delegates from all parts of the country can meet to consider and criticise this policy, gives strength to every society. Merely as a demonstration to the outside world of the magnitude and power of the Movement, Congress is well worth while; but it is equally a demonstration to the delegates and to other members of societies of the power for good that resides in the Movement. Isolated, individual societies might be wrecked by powerful opposition; but as part of a great national movement their position is different; and Congress gives their members confidence to fight local battles, for they know a national movement will come to their aid if necessity arises.

CHAPTER XXVIII.

PRODUCER AND CONSUMER.

Comparatively few people to-day are accustomed to eat home-made bread. Housewives less and less bake bread at home and more and more buy it. The fact that home-made bread is a rarity and an exception proves what the rule is. The rule, moreover, applies to almost every commodity in general use. People do not produce many things directly for their own use. Most of them are engaged in producing parts of articles for other people's use; the finished goods they need for their own use they buy. Economists would describe this situation by saying that modern industry is based on specialisation, and specialisation entails the divorce of consumer from producer. Economic progress is constantly increasing the variety of goods from which consumers may choose, and at the same time reduces the number of different jobs each individual producer performs. As this proceeds, the producers and consumers of any given article are less and less likely to be the same people or even live in the same country. Coal is mined in Durham and burnt in Denmark. Butter is made in Denmark to be consumed in Britain. An English farmer may grow wheat, but eat bread made from a mixture of flours ground from grain grown in Britain, Canada, Argentine, or Russia. Human nature being what it is, the farmer as a grower of wheat cannot but be pleased when the price of wheat rises, even though that may mean dearer bread, any more than his wife, who buys bread from a baker, can help being glad when it is cheaper, even though that may be the consequence of falling wheat prices. Specialisation, by separating people into consumers who buy and producers who sell, thus gives rise to an opposition of interest. Unless commerce is to be perpetual warfare between them, this has somehow to be adjusted to the other no less evident fact that producers and consumers cannot do without each other. The reconciliation of the interests of producers and consumers is one of modern society's vital problems. The competitive business world has found for it no solution that will satisfy co-operators, who are now faced with the necessity of solving it, or giving up hope of establishing the commonwealth of their dreams.

Conflict of Interest.

People seldom notice that this problem has a personal as well as a social aspect. The mass of mankind, for the greater part of its lifetime, is both producer and consumer, but there is little evidence to show that people look at both sides of the problem or attempt to strike a balance between their interests as producers and consumers. The separation previously pointed out, the existence of a class of middlemen, the use of money, the stress of competition, all conspire to obstruct their view. The majority of family incomes are not spent by those who earn them. People naïvely imagine that they can expect the best of both worlds, to

buy cheaply what they consume, and make other consumers pay dearly for what they produce. That interest which is the more quickly and easily defended overbears the other, and for this reason the producers' interest is nearly always the first to be organised. Competition compels people to think more of getting an income than of spending it. The producers' interest is often that of a specialised or localised group. The consumers' interest, on the other hand, is often too wide to be comprehended, for in respect of staple commodities it embraces the whole community and may be even world wide. In the local markets of the Middle Ages, town and guild could make a fairly successful effort to secure fair play between producer and consumer by regulations that were framed and enforced without great difficulty. But now that supplies and prices are governed by the state of the world market, the consumers' interest cannot always be successfully defended by Government action, while the organisation of consumers in their own defence is slow and uncertain. It requires, in fact, to be provoked by outrageously high prices, poor quality, or faulty service, and supported by a widespread sense of common needs and some little economic knowledge.

Co-operators, as the history of their Movement shows, did not at first appreciate the importance of organising the consumers' interest. The co-operative pioneers of a century ago saw in the divorce of consumer from producer a source of economic waste which would be avoided in a self-supporting community, but they did not regard it as the source of an opposition of interest. To them the Movement represented an attempt on the part of the real producers (the manual workers) to throw off the yoke of the non-producers (the middlemen, the employers, and the propertied classes). For a whole generation the Movement's chief inspiration was the ideal of securing justice for the worker-producer who was paid, under the wage-system, less than his labour was really worth. The Rochdale Pioneers, although they worked out the standard type of consumers' society for the whole world, apparently regarded the worker as the basis of co-operative organisation. Their store was simply a means of self-employment. Their urge to open productive works sprang from their desire to see the workers controlling their own daily work and dividing the profits as well as drawing wages from their various industries. The dividend system, however, gave the consumers' interest an opening to assert itself. If consumers (or purchasers) were entitled to the surplus gained by co-operative storekeeping it was not easy to explain why they should not also divide the profits of corn milling or any other kind of production for which they also provided the capital and the custom. Those who held by the older theory of the right of the worker to the full value of the produce of his labour could only do so by drawing a distinction between manufacture, which was productive, and distribution, which was not, and arguing that the salesman and the clerk who did not make goods but simply transferred them, were not really producers and had no claim upon profit.

Evolution of Consumers' Theory.

About the same time, however, as the Wholesale Societies were founded, economists began to develop the idea of utility. They denied that labour was either the source or measure of value, pointing out that goods which nobody wanted possessed no utility and, therefore, no value, however much labour had been put into them. They swept away the traditional distinction between productive and unproductive labour by asserting that production was the creation of utilities, and that the worker who created utilities of time and place, by helping to bring goods from where they were made to where they were to be consumed, was as truly a producer as the worker who created utilities of form by working up raw material into a finished article. These ideas could be, and were in due time, used to justify the practice of the stores and the Wholesale Societies in not sharing surpluses with their workers, but solely among the consumers, and eventually to make the consumers' interest, rather than the producers', the basis of co-operative organisation. The success of the Wholesale Societies' productive enterprises, by contrast with the struggles and failures of the independent productive societies, seemed to prove the newer theory right by a practical test. As co-operators gained experience in the world of commerce and industry, and the old ideal of self-supporting communities seemed more and more a mirage, they set more store by a form of Co-operation which appealed to the widest possible public and which was open to all on a basis of equality. With the growth of big and still bigger businesses the chances of survival of the self-governing workshop or small co-partnership seemed to become ever smaller. After 20 years of controversy the mass of the British Co-operative Movement came to accept the consumers' theory.

Flushed by their early successes the bolder amongst the consumer theorists dreamed of extending direct consumer-control to its logical extreme. They pictured consumers' organisations exercising undisputed control in every department of economic life, carrying on agriculture, banking, and all kinds of manufacture, as well as wholesale and retail distribution. They left no room for producers' organisations at all, except in the form of trade unions. Two sets of facts, however, appeared later to give them pause. First, consumers' organisations failed to repeat in agriculture the rapid successes which they achieved in the manufacture of standardised articles of consumption, more especially foodstuffs. The last decade has witnessed in many countries a retreat from agriculture on the part of consumers' organisations. Second, there has been a striking development of co-operation amongst farmers all over the world. The rise of powerful and extensive organisations of agricultural producers has made consumer theorists modify their policy, if not their theory. While holding to the consumers' theory as their ideal, their conception of what ought to be, they cannot but recognise facts which they are powerless to alter. Nowadays consumers' organisations are seeking to collaborate with organisations of agricultural producers rather than to ignore, eliminate, or absorb

them. Unprejudiced co-operators have recognised that the agricultural organisations do embody true co-operative principles and have to be accepted as members of the co-operative family, and that the consumers' theory, however true it might be in itself, did not contain the whole truth.

The Ideal and the Practical Problem.

The consumer-producer problem, in fact, divides into two distinct but related questions. One is that of the ideal of co-operative economic organisation. Is the ideal organisation of industry to be based on the co-operation of consumers, or the co-operation of producers, or on both? The answer to this question will perhaps be found in the Commonwealth which co-operators regard as their ultimate end, but its interest to the co-operator of to-day is mainly theoretical. Nevertheless, it cannot be set aside on that account, for unless co-operators think out their principles to their logical conclusion, co-operative policy will have no consistency and will degenerate into opportunism or drift. The other question, however, is the practical one of knitting together the existing organisations of producers and consumers for the purpose of intertrading and mutual support in other ways. Consumers' and producers' societies are extending their business connections all over the world. In local, national, and international markets they have established contact with one another in the ordinary course of business, as they seek the most favourable opportunities of buying and selling. Sometimes they are competitors, as are the Co-partnership Productive Societies and the Wholesale Societies, for the custom of the stores; often their activities overlap, as when in the same districts the stores supply agricultural requisites and the agricultural supply societies supply consumption goods and household articles; occasionally they confront one another as buyers and sellers, as do the Wholesale Societies and the farmers' wheat pools of the Dominions. Their relations are often friendly; rarely are they close; more rarely still do producers and consumers join in a common organisation or work upon a concerted plan of operations. Consumers' organisations still continue to deal with private suppliers even when producers' organisations are able to serve them. Producers' organisations still sell in the ordinary market even when a co-operative market stands open. The practical problem is to fit together the scattered fragments of co-operative organisation to form a system more independent than any of them now are of the private middleman, manufacturer, banker, or insurance office, so that they contribute to one another's prosperity, and thus demonstrate to the world at large the superiority of co-operative methods, when thoroughly applied, to any others.

Both the theoretical and the practical problems become clearer if each type of organisation and its underlying idea are examined more closely. It is evident that they all arise, to begin with, as protests against and remedies for, exploitation. They strive to substitute themselves for economic enterprises organised by private individuals for personal

profit. They aim at replacing the private capitalist, who may acknowledge no responsibility to the community, and exercise despotic power over those who serve him, by self-governing societies with a democratic constitution. But there the common likeness is apt to end. Producers' grievances are not consumers' grievances, and each party sets to work in its own way.

Two Conceptions of Industrial Democracy.

Take first of all, the co-operative productive society of industrial workers, the self-governing workshop. This springs up where working people suffer from low wages and harsh conditions of employment. Where working people, at one time their own masters, are becoming subject by the advance of industrialism to the new discipline of the factory system, they frequently take to co-operative production in order to retain or regain their control over their own industry. For similar reasons co-operative productive societies often appear as a by-product of strikes and lockouts. Directed by leaders of their own choosing, pooling their savings and borrowing any further capital they need, working men in these societies carry on their industry in their own workshop under conditions determined by themselves in such a manner as to obtain the normal rate of wages plus a sum corresponding to the employer's profits, or in other words, obtain the full value of their produce. Whether they think in terms of single workshops or in terms of complex co-operative productive federations or national guilds, as one group of writers preferred to call them, their fundamental idea and ultimate aims are the same. They stand for industrial democracy, based on the self-government of the producers, and the distribution of the product of industry on a plan decided by the organised producers.

A society of farmers who combine in order to carry on in a factory, such as a creamery, some manufacturing process formerly carried on in their individual farms, and to sell their produce jointly, represents the interests of the primary producers against the capitalist in the shape of the middleman or dealer. This is, of course, unlike the self-governing workshop in one important respect, and that is that it does not raise the status of its members from that of wage earners to collective mastership, for its members are already in business for themselves and sometimes employers. But it does assist the farmers to liberate themselves from dependence upon the middleman, by whom they are often exploited, and to retain what would have been the middleman's profit. It enables the primary producers to take control of the marketing of their produce and by introducing organised marketing, marks an advance from the chaos of pure individualism. Although it thus represents a producers' interest, the farmers' society as an employer commonly adopts the ordinary wage system, just like a consumers' society.

Consumers' co-operation differs from the other two forms by criticising the private enterpriser as the servant of the public. It rejects the kind of service he offers and the price he demands for it. Consumers

co-operate in order to dispense with him when his service has proved to be defective, unreliable, and too costly. By organising their own supplies through their own warehouses and shops they render themselves independent of the trader who sells adulterated goods and charges unfair prices. They are thus able to adjust supply to demand with greater precision than is possible for any unorganised retailer, and also save what would have been the private trader's profits. The system of dividend on purchases enables them to get their supplies at prices which represent real costs and not inflated values. Consumers' societies thus aim at a system of industrial democracy based on the supremacy of the consumers, wherein the driving force comes not from organised labour, but from organised demand, and in which the product of industry is distributed on a plan that is equitable as between consumers.

Two Theories Combined.

An earlier generation of co-operators, as has been shown already, felt obliged to choose between one or the other of these co-operative systems. Later thinkers, however, have come to regard them less as conflicting than as complementary, each supplying its quota to a completely rounded co-operative economic theory. The idea that if people were organised as consumers their interests as producers could be left to look after themselves has no foundation in theory or practice; otherwise trade unions for co-operative employees would be superfluous. The contrary idea, that the co-operative organisation of producers makes consumers' organisation unnecessary, has no foundation either; no producers' organisation can replace the co-operative store. What co-operators are seeking is an economic system which unites order with freedom and reconciles efficiency with democratic government. To most of them it seems an essential condition of order in economic life that the organised consumers should wield supreme authority; first on democratic grounds, because they constitute an interest as wide as the whole community and, therefore, more comprehensive than that of the largest group of producers; and secondly, on economic grounds, for the reason that unless demand is organised, production, which is undertaken to satisfy demand, will be wrongfully and wastefully directed, as it now is under capitalist enterprise. In other words, the theory of producers' co-operation does not adequately meet the need of society as a whole to dominate its parts, and it forgets that production is useful and justified only in so far as it satisfies the requirements of consumption.

Organisations through which consumers can register their demands and exercise control over industry, by means of the collective ownership of the land, buildings, and plant necessary to production, form, therefore, an essential feature of a Co-operative Commonwealth, even though they may not cover the whole field and may be replaced for certain services by the State or some public authority. But if chief authority is vested in the consumers it by no means follows that they must be always asserting their authority, and that producers should be unable to initiate anything without permission. Indeed, it is important

that consumers, if they would be well served, should delegate their authority, once they are protected against exploitation by producers. In the long run, no one knows what suits the consumers better than the consumers themselves, but the consumers as a body do not understand the specialised work which has to be done in order to provide the most ordinary of their needs. Housewives who know how to bake bread could not individually or collectively direct a machine bakery. Being sensible women they entrust their bakery to people specially trained for modern bakery work. What is true of the bakery is true of almost every other kind of production. Specialisation sets a limit beyond which the active intervention of the consumer is not a help but a hindrance, and beyond that limit the producers' rather than the consumers' theory must be our guide. The consumers' direct concern is commodities, whereas the producers' concern is work and how it shall be organised. The ideal Co-operative Commonwealth, therefore, seems to require the co-operative organisation of producers for their daily work. That means something different from the ordinary wage system which leaves workers with no responsibility for, or interest in, their work. It means something different also from the trade union, which is formed for bargaining about wages and working conditions, and more apt, as a fighting organisation, to hinder work than to help it. It means something more like the societies of workers found in many countries which undertake contracts and carry them out under the direction of their own officers. In short, within the commonwealth of consumers there must be room for smaller commonwealths and associations of producers, with limited powers, but administering their special concerns on democratic lines within the limits laid down. Among their special concerns would be found the technical problems of the industry, the recruitment and training of workers, their grading, promotion, and remuneration, factory hygiene, and other questions affecting the welfare of their members as workers. In other words, we may say that the ideal form of co-operative industry is that in which the consumers are sovereign, but in which there exists the maximum amount of self-government for the workers that the technical conditions permit. If we accept this, we have one leading idea for the solution of the practical problem, for we shall without inconsistency be able to defend and advocate the extension both of consumer control and producers' self-government in their appropriate spheres.

Consumers' Societies and their Employees.

The practical problem itself takes three different forms accordingly as it bears upon the relations of consumers' organisations with their employees, with the co-partnership societies, and with agricultural co-operative societies. In the first form the consumers as employers have to deal with the producers as wage and salary earners. At present their relations correspond very closely to the relations of employers and employed under the capitalist system. The contract under which labour is employed is a contract between the society and the individual

worker. Its terms, especially as to wages and hours, are settled by collective bargaining between groups of societies and the workers' trade unions. The worker is subject to much the same discipline as in any non-co-operative concern, and, on the whole, takes very much the same kind of interest in it. To the worker the co-operative society, retail or wholesale, is one of several possible employers ; to the management of the society the worker is one of many possible employees. The bond between them is, in all essentials, a business contract between the buyer and seller of labour-power. This is true even when all allowance is made for the facts that co-operative employees can, as consumers, be directly or indirectly members of the employing organisation and influence its policy ; that wages are generally higher and hours shorter than the average of capitalistic business ; that security of employment is greater and harsh treatment rarer ; that many societies provide welfare departments, pension schemes, and educational and recreational facilities for their employees ; and that relations are more human than in the general run of profit-making business. The true co-operator can be no more content than Thomas Carlyle with the "cash-nexus" as the sole or principal bond between the worker and his workmates or his work. All the efforts that have been made in recent years to build up social organisations, notably amongst the employees of the wholesale societies, springs from the realisation that fellowship in labour is not only a condition of efficiency, but a return to a co-operative ideal, proclaimed by the Christian Socialists and temporarily laid aside while the Movement fought for its place in the economic world, which now presents itself for realisation.

The practical problem, now as ever, is to evoke amongst the workers a co-operative spirit of responsibility, not simply for the protection of their common interests, but for the discharge of their common duty, that is to say, the efficient performance of the work they undertake. Every agency which trains men and women in team-work helps towards this end. Works sports clubs, choirs, and dramatic societies are therefore not ends in themselves. Nor are they simply a sugar coating for the unpleasant pill that real labour will always be to many people. Nor do they exist for the display of paternal generosity by the employing organisation towards its workers. The community spirit which it is their purpose to arouse must find expression during the working hours and not simply in the leisure time of the co-operative employee, and spur him continually to excellence in his work. An awakened sense of responsibility, a more active professional conscience, will not merely lend dignity to labour, but make possible a freer and more democratic discipline, more in conformity with co-operative ideals than the autocracy tempered by revolt which the Movement took over from the capitalist system and is still too inclined to accept as the inevitable relation between consumer-employer and wage-earning producer. Progress on this line, however, depends on two conditions. If the workers are to be allowed ultimately to determine all things which concern them as workers, but which are matters of indifference

to consumers, they must be given a truly co-operative education from the beginning of their career; but it should not be forgotten that the power to make right decisions can only grow where there already exists some freedom to decide. The second condition, therefore, is that co-operative administrators show their wisdom and their faith in the goodwill of the employees by conceding freedom where they can safely do so, even before it is demanded. The various advisory councils of management committees and employees set up in many societies, are a recognition in a constitutional manner of the workers' right to be consulted on all matters affecting his welfare and the execution of his work. To embody this right in the constitution of the society is not merely a more statesmanlike course than to force the worker to assert it unconstitutionally by striking, but a step towards truly co-operative relations between producer and consumer.

Consumers and Industrial Productive Societies.

Turning to the problem in its second form, namely, the relations of the co-partnership societies to the consumers' organisations, it must first be noted that in Great Britain co-partnership productive societies are already closely linked with the stores, which provide them, to a considerable extent, with capital and a market for their products. The absorption of many of these societies by the Wholesale Societies is itself the result of their being largely owned and controlled by consumers' societies.

The argument of the earlier portion of this chapter, carried to its logical conclusion, demands that these enterprises should be wholly, and not partly, owned by organised consumers. Whether it is necessary or practicable to proceed to logical extremes, it is urgent that these societies should be more closely knit than they now are with the fabric of the Movement, and that the competition for the co-operative market which exists amongst them, and between almost all of them and the productive departments of the Wholesale Societies, should be ended. Absorption into the Wholesale Society, the fate of several co-partnership societies in the past, offers one solution, but this carries with it the abandonment of the valuable features of co-partnership as an offset to any gain there may be in rationalising co-operative production. The great obstacle to a working arrangement is that both sides are unwilling to compromise. The successful co-partnership societies jealously maintain their independence because they are convinced that only in that way can they demonstrate that workers' control is consistent with business success. The Wholesales on their side expect complete and unconditional surrender. From the point of view of the whole Movement and its interests these attitudes appear to be mistaken, especially when it is borne in mind that the total productive output of all the various kinds of organisations is not equal to supplying the co-operative consumers' demands for clothing and footwear, to name two classes of product in which both wholesale and productive societies are greatly interested. The joint-invoicing department of the Co-operative

Productive Federation seems superfluous, when a wholesale distributing organisation already exists. Again, if the wholesale societies can invoice through to the retail societies the products of certain private manufacturers, there seems to be no ground of principle on which they should refuse to do the same for the products of co-partnership societies. But old customs of thought and action, especially if they are based on doctrine and buttressed by business interests, die hard. The full and satisfactory solution of the problem will probably wait for the rationalisation of the Co-operative Movement's productive organisation. Meanwhile, every step taken by the wholesale societies towards creating a corporate life amongst their employees narrows the gulf which divides them, on matters of principle, from the co-partnership societies, many of which in fact, if not in form, are almost federations of stores.

Consumers and Agricultural Productive Societies.

Finally, there is the problem of the relations of the organised consumers with the farmers and cultivators. This is, in reality, a tangle of problems, some of which will need to be solved by local, others by national, and yet others by international organisation. Yet in spite of the varied forms in which it comes up for practical solution, the problem can be stated fairly simply as that of the exchange of the raw material and foodstuffs produced by agriculturists for the manufacture and instruments of husbandry produced by industrial workers. It is true that the use of money often prevents us from seeing the whole problem. At a casual glance we are only likely to see half of it, namely, the buying by consumers and the selling by the producers. To complete the circle we must consider where the consumers get the wherewithal to buy, and what the producers do with the purchase money after they have received it. It is to everyone's interest that this exchange should be carried out with as little expense and friction, and under as fair conditions to both parties, as possible.

At present the exchange is largely carried out by various kinds of capitalistic middlemen. Regraters, dealers, brokers, merchants, speculators are continually buying from the producer and from one another, sometimes real produce, sometimes only rights to the future delivery of produce, which they hope to sell again at a profit. Here and there in the general scramble appears some big combine which can produce some sort of order in its own sphere for its own advantage. Only occasionally, nowadays, do producer and consumer come face to face. Farmers and market gardeners still take their stand in the markets, and sell butter, eggs, fruit, and vegetables direct to the housewife. Dairymen are still to be found who deliver milk from their own farms from house to house. The great mass of British people, however, only receive their food after it has passed through a multitude of hands and been sold and resold times without number. One of the chief spurs to co-operative endeavour has been the suspicion, often confirmed by actual experience, that many of these handlings are unnecessary and can be avoided by better organisation. Hence consumers, starting from their end of the chain, work backward towards

the land, the source of all commodities, securing control of the necessary links, and eliminating the unnecessary ones, waging a war of extermination on the capitalistic middleman. Similarly also the farmers, who already have the beginning of the chain in their hands, work forward towards the final market, the ultimate destination of their produce, superseding the middlemen wherever they can by their own organisation. Sometimes they reach as far as the retail trade. Thus arise two parallel systems of co-operative organisation, one controlled by consumers, the other by producers, each endeavouring in complete independence to link the consumer with the land. Overlapping, competition, and unnecessary duplication inevitably result, and neither system is complete, for the stores as a rule are not more successful farmers than the farmers are retailers. Co-operative productions, therefore, often fail to find the way to co-operative consumers and co-operative consumers fail to draw upon co-operative sources of supply. In this event, the middleman and private trader, so far from being dislodged, thrive on the trade they do with co-operative organisations which, in course of time, come to depend on them. In latter years, for instance, the growth of combines of dairymen and the ascendancy they acquire over the farmers who supply milk to them, have been something more than a menace to the co-operative milk trade.

Problem of Fair Prices.

For the most part the co-operative organisations of producers and consumers which set up trading connections do so in the ordinary course of business. Each organisation is simply buying or selling to the best advantage on behalf of its own members, and rarely considers that it owes the other any special co-operative loyalty. Such trading connections are not often permanent, and so long as farmers' organisations will sell to consumers' organisations only when the latter are offering better prices than the private trade, and the consumers' organisations will buy from the farmers' organisations only when the farmers' prices are lower, no permanent solution of our problem is possible. Both sides must be prepared to take the longer rather than the shorter view. Nevertheless, the question of price is vital, for the object of co-operative organisation is to make such economies in handling goods that the consumer pays less while the producer gets a better return from his labour. In the competitive struggle co-operators may play the middleman at his own game and exploit to the utmost any advantages they may have. They cannot be quite so ruthless to one another, and in any event in co-operative exchanges some principle of justice must be applied. In other words co-operative producers and consumers will have to agree on what is a fair price. It is, of course, possible to take the view that they never will agree. Consumers desire goods as cheap as they can get them; farmers want the utmost they can get for their produce; the side with the greater bargaining advantage will exploit the other. Such a view is more pessimistic than the facts warrant. It is not true that consumers desire cheapness regardless of the producers' losses, or that producers relentlessly exact the highest price. Co-operative

organisation, because of the economic education it affords, teaches farmers to desire above all, steady prices, for fluctuations are rarely advantageous in the long run. Such has been the state of the markets in recent years that the problem of farmers all over the world has been not to grow rich but to secure a decent livelihood. Consumers are usually willing to pay prices which they know represent real costs, and have no wish to profit by cheapness if that entails sweated labour. The important condition for agreeing on a fair price is that both sides shall know clearly and certainly what the real costs are when they come to discuss prices. Modern cost-accounting and statistics should go a long way towards settling the question of fair prices. To begin with, however, co-operative trading conditions will be largely influenced by the state of the ordinary markets, and consumers' and producers' organisations will be obliged to follow the Rochdale method and find out by practical experiment what business they can do with one another at ordinary' market prices.

Local, National, and International Inter-trading.

As previously stated, the practical problems to be solved fall into three groups according to the distance between the consumer and the producer. Many store societies are so situated that they can draw a large proportion of their supplies from their own immediate neighbourhood, and are thus able to deal with individual farmers direct. Keeping in mind that the true aim is exchange, we may say that the right policy for these societies is to make co-operators of their farmer suppliers, especially where they can serve them with their own branches and delivery systems. District societies with village branches can not only provide a market for farm produce, but can supply the farmers with their household requirements, and in addition with many things required for work on the land. Where a well-established farmers' supply society is at work, overlapping must be avoided by an agreement to leave consumption goods for the store to provide, and fertilisers, feeding stuffs, implements, to the agricultural society. The agricultural society should also be affiliated to the C.W.S. In many districts, however, where large numbers of farmers are members of the store society and can influence its policy, a separate agricultural society may not be necessary and amalgamation may be possible, the farmers' needs being supplied by an agricultural department of the consumers' society. How far the farmers can be brought into active association with the consumers in store societies has been shown for many years at Derby and Lincoln, to name two pioneer societies in this line of co-operative development.

An altogether different problem is that of the consumers' societies in the midst of industrial areas where direct relations with the farmer are impossible. These industrial areas must be supplied with the surplus produce of the agricultural regions and by imported foodstuffs, and both of these require the intervention of a wholesale organisation. Before the Wholesale Societies began to deal with this problem the local societies made their own arrangements, Lancashire societies, for example,

going far afield into the Fylde district or into Cheshire and contracting with individual farmers for the supply of milk. But if milk delivery is to be a normal and not an exceptional branch of business for the store societies this individualistic method would be excessively wasteful and troublesome. The plain and obvious course is for societies to centralise their demand through the C.W.S. and allow the Wholesale Society to organise the collection of supplies on a national scale. On the supply side the important fact to notice is that agriculture is often specialised. Not all farmers are interested in all kinds of produce. Certain regions are specially adapted to certain kinds of farming. The best way of organising the producers, therefore, is on the basis of the commodity which they are interested in marketing. Experience has shown that dairy produce, meat, grain, &c., are marketed most efficiently when they are handled, not by general agricultural societies, but by associations specially formed for each of them. The aim of co-operative policy, therefore, is to set up national commodity associations embracing both producers' and consumers' organisations and jointly controlled by them, guiding the co-operative collection of produce for the co-operative market, studying the business problems involved, and fixing standard prices from time to time by mutual agreement. Such an organisation would be able to study for the Movement as a whole such problems as cheap transport, the disposal of surplus produce and by-products, storage, and other technical problems concerning the treatment of the produce.

Finally, there is the international problem, which arises for Britain in the form of the relations of the Wholesale Societies with co-operative producers' organisations overseas. Here again the experience of the C.W.S. with the New Zealand Produce Association shows that joint organisations of producers and consumers are possible. In Australia the C.W.S. has not only helped to provide a market for Western Australian grain, but has helped to finance the grain growers through their co-operative wheat pool. In America and the Antipodes the pool form of organisation, by which the sale of a given product is centralised in a single agency controlled in a co-operative manner by the producers, is becoming general for exported commodities. The avowed aim of the producers is to sell directly to the organised consumers in the importing countries and to avoid the speculative exchanges and the army of dealers, shippers, exporters, and importers who interpose wherever there is prospect of profit. The possibility opened out here is not merely of orderly marketing, but of orderly production based upon real knowledge of the demand such as is possible where consumers are organised. Failing direct contact between co-operative organisations of producers and consumers such monopolies as that maintained until 1930 by a single shipping line in the West Indies banana trade will always be possible. The monopoly was, in fact, circumvented by direct trading between the S.C.W.S. and the young co-operative organisations of Jamaica banana producers.

Mutually helpful contact between producer and consumer depends for its increase on the growth of confidence. Sound schemes of organisation can only be based on mutual knowledge and only be made to work if there is on both sides loyalty to the same co-operative principles. · Consumer and farmer co-operators, therefore, must unite for educational and propaganda as well as for trading purposes. The consumers' organisations because they possess the older and more direct co-operative tradition should always be ready to make advances. The agricultural societies should be encouraged and persuaded to link themselves with the Co-operative Union, to use its services, and to influence its policy. The affiliation to the International Co-operative Alliance of the Canadian Wheat Pools in 1930 marked the realisation that these considerations hold good in the international sphere also. The appointment at the end of the same year by the International Co-operative Alliance and the International Commission of Agriculture of a joint committee to study the whole problem of organic relations between the consumers' and agricultural movements, both nationally and internationally, was another encouraging sign, for it proved that each movement recognised the other as its natural ally and complement. This committee's researches have already resulted in the collection of much valuable information concerning successful inter-working between consumers' and producers' associations and the value of co-operative principles when applied to the distribution of particular products such as, for example, eggs.

In Great Britain the movement in favour of agricultural marketing on strictly co-operative lines has received a set-back through the intervention of the State, which, in its concern for the economic salvation of the producer, has adopted a policy which very largely neglects the consumers' view of the problem. Under the Acts of 1931 and 1933 producers may initiate marketing schemes which, after public inquiry, may receive Government approval, and, if accepted by a majority of the producers concerned, may be put into force by an Order. The consumers have the right to investigate a scheme both before its introduction and after it has been put into operation and to submit criticisms and complaints. Special committees, on which the Co-operative Movement can be represented, are set up for this purpose. The Acts, therefore, enable the majority of the producers to compel the minority to associate on the one hand, and afford some protection to consumers' interests on the other. No co-operators, however, can be satisfied with a mere measure of protection for consumers. The co-operative ideal is the organisation of agricultural marketing jointly by co-operative associations of producers and consumers. The policy of the Government, in so far as it lends itself to the establishment of monopolistic marketing organisations subject to Government control, not only fails to fulfil the co-operative ideal, but tends to restrict the field of genuine co-operative enterprise.

CHAPTER XXIX.

CO-OPERATIVE EDUCATION, PROPAGANDA AND PUBLICATIONS.

The development of educational work within the Co-operative Movement has been reviewed in several previous chapters. This chapter describes present-day educational machinery.

At the centre of the Movement's educational activity stands the Co-operative Union, which has been described as the keeper of the Movement's educational conscience. Certain, it is, that without the stimulus and help which the Union gives to societies there would be much less educational activity than now exists; but it must not be overlooked that most of the educational work has to be done by local societies of which the Union is the servant and not the master, so that its influence is moral and persuasive, and not that of a central authority in relation to branches. Most of the Union's influence has to be exerted, too, through the medium of literature and occasional conferences. In this respect it lags behind some other educational bodies which employ one or more organisers, whose primary duty is to arouse interest in education and stimulate the demand for the facilities which their organisation provides. Despite these limitations the Union has established a record in regard to educational matters, of which it need not be ashamed; and the areas of ignorance and indifference within the Co-operative Movement regarding educational activities become every year fewer and smaller.

Educational Council and Executive.

By the present constitution of the Union as created by the decisions of the Glasgow Congress (1932) an Educational Council and an Educational Executive are appointed annually. The control of the Union's educational work, subject to the decisions of the Union's National Executive Committee, is entrusted to the Educational Executive which consists of ten persons elected from and by the Educational Council at its first meeting after Congress. Five of these ten members of the Educational Executive must be members of the Central Board, the remaining five being drawn from the members of the Council representative of other bodies. The Council, which exists for advisory and consultative purposes only, and has no power of veto over the executive, is a much larger body consisting of 27 members.* Such

*This number is made up of one representative appointed from and by each sectional board of the Union and the Irish Executive (nine in all), one representative of each of the eight sectional educational associations, one representative of the employees of the Movement nominated by the National Union of Distributive and Allied Workers, and one representative from each of the following bodies, viz., the English Women's Co-operative Guild, the Scottish Women's Co-operative Guild, the Irish Co-operative Women's Guild, the National Guild of Co-operators, the National Co-operative Men's Guild, the Scottish Co-operative Men's Guild, the National Co-operative Managers' Association, the Co-operative Secretaries' Association, and the British Federation of Co-operative Youth.

a large body is too big for executive purposes, and the object of the Special Committee of Inquiry which drafted and submitted the new constitution was to bring together representatives of all the bodies in the Movement which could help the progress of educational work, and whose members might be expected to provide the bulk of the students. Such representatives, it was thought, might be consulted by, and offer their suggestions and criticisms to, the Educational Executive for its guidance when framing its policy and carrying on its work. At present, the Council meets quarterly and the Executive monthly, except when otherwise desirable.

Joint Committee on Technical Education.

The Educational Executive therefore has control over the education department and its staff, subject to the authority of the National Executive as already mentioned; but so far as the training of apprentices, salesmen, and managers is concerned, the work in England and Wales is carried out on behalf of a Joint Committee on Technical Education, which consists of four members (Central Board members) appointed from and by the Educational Executive, and four members appointed from and by the Board of the Co-operative Wholesale Society, the secretaries of the Union and the Wholesale Society being joint secretaries of the Committee. The Joint Committee, therefore, controls those members of the staff who are engaged in teaching the classes of employees mentioned, and the expenses of the work undertaken under the auspices of the Joint Committee are shared equally by the Union and the Wholesale Society.

Sectional Educational Associations.

Standing between the central organisation and the local societies are sectional educational associations which are primarily federations of societies' educational committees, though most of them admit guild branches and other co-operative organisations to membership. Educational associations exist in all the sections in Great Britain; but not in Ireland. They vary in strength of membership and finance as well as in the vigour with which they pursue their work, and in their influence upon the educational work in their section; but the majority have a highly creditable record of missionary and propaganda work on behalf of co-operative education; and in those sections where the association has been less successful it has usually been due to circumstances, *e.g.*, fewness of societies and smallness of funds, over which the association has had little or no control. In each section, a connection between the sectional board and the sectional educational association is usually maintained by the board appointing a representative to the Committee of the Educational Association. One or two of the associations have registered as Industrial and Provident Societies, which entitles them to become members of the Co-operative Union; and at the present time the North-Western, Midland, and Southern Associations are members of the Union. In the North-Western and Southern

Sections, district education associations have been formed to make possible closer co-operation between neighbouring societies; and the whole of the North-Western Section is covered by district associations; but the organisation of district associations is of more recent growth in the Southern Section, and only one or two districts have so far been organised. Recently a national association of the sectional educational associations has been formed for the purpose of considering matters of common interest and taking united action where this is thought desirable. Not all the sectional associations have joined the national body, but the larger and more important ones have done so.

Societies' Education Committees.

According to the most recent statistics, 600 retail societies make annual grants for education, but it is not possible to say with exactness how many have appointed special education committees or undertake educational work, for in some cases where the rules of a society give power for the appointment of such a committee, one has not been appointed, and in others the management committee undertakes educational work, whilst some societies charge as a trade expense items, *e.g.*, publication of the local *Wheatsheaf*, which in other societies are charged against an educational grant. The number of societies making educational grants seems to be the best indication available of the number of societies undertaking educational work, though much of this work may be of only a very informal character, and in some cases might be classed as propaganda. Happily, the 600 societies mentioned above cover all the larger societies, and the majority of co-operators are in membership with a society undertaking educational work. In addition to the retail societies, a number of productive societies make educational grants, whilst the two Wholesale Societies, besides granting scholarships tenable at the Co-operative College, make other provisions for the education of employees.

The basis of the grants for education varies. According to the replies to a questionnaire issued a few years ago by the Co-operative Union, the following was the position in regard to 394 retail societies.

49	made	a	grant	of a fixed amount.
220	,,	,,	,,	percentage of surplus.
44	,,	,,	,,	sum per member.
81	,,	,,	on some other basis, *e.g.*, an amount per £ of sales.	

The constitution of education committees in retail societies varies considerably. As previously mentioned, the management committee undertakes the educational work in some societies; but most of the societies undertaking educational work appoint a special education committee for the purpose. Usually all the members are appointed directly by the members in general meeting (sometimes on a district basis) in the same way that the management committee is appointed; but a number of societies have followed the recommendation of the

Co-operative Survey Committee, and appoint a composite education committee, which includes persons elected directly by the members along with representatives of the management committee, the guilds, the employees and other sections of the society interested in education. The members of an education committee are usually paid a small fee, though it is generally at a lower rate than obtains for management committees; and unpaid education committees are more numerous than unpaid management committees, the meetings of education committees being, as a rule, fewer than meetings of management committees. In other respects, such as eligibility and period of membership before retirement, conditions of membership of both committees are usually similar, though employees are almost always eligible for membership of the education committee even when they are not eligible for election to the management committee. Although the best organised education committees control their own funds and are responsible only to the members for the work they do and the manner in which they expend these funds, they are limited in certain respects. Thus they can not hold property in their own name; this must always be held in the name of the society, and only the management committee and its officers and officials can legally acquire and hold property in the name of the society. Obviously in these circumstances it is important that the best relationships should exist between the two committees; but it is important for other reasons, for much of the work can best be done by the two committees acting in co-operation, *e.g.*, the education of employees, where the control of the management committee over employees can be exercised beneficially, and its funds wisely employed to help the education committee, and in propaganda work which directly and indirectly helps the trade of the society. There are many other ways in which the two committees can be mutually helpful. Although they are separate committees they are serving the same members; and, like the two arms of the body, they serve that body best when they work together in co-operation.

Movement's Educational Work: Work at Headquarters.

Having described the machinery now provided for achieving the educational objects of the Movement, we can examine the work which that machinery undertakes. The Education Department of the Union is the planning body. It organises schemes of instruction, prepares syllabuses of instruction, and holds examinations in accordance with its programme of classes. The classes fall into three main groups: classes for juniors and adolescents, classes for adults, and classes for employees. For the first-named class of students, classes in Co-operation are visualised, covering the age groups 10 to 18; and for the second group, classes in a wide range of social subjects based upon Co-operation, Industrial History, Economics, Citizenship, and Sociology are included in the programme. For the third group the needs of junior employees are provided for by the arrangement of courses of general subjects intended to serve as a foundation for later specialised courses. These

later courses fall into two classes, one for members of office staffs which leads up to the Secretarial Training Course; and one for distributive workers commencing with an Apprentices' Course, and continuing by courses for salesmen, branch managers, and departmental managers to the General Managers' Course. In both the courses for adults and employees it is now possible for students to obtain tuition and training of university standard and secure diplomas of equal standing with university degrees.

In all this class work, co-operation between the centre and local societies is essential, and the initiation and expense of class work falls upon local societies except in the case of salesmanship and higher-grade classes in management, which in England and Wales* are organised by the Joint Committee on Technical Education (which also meets the net cost of the classes) usually at the request of local societies, though it makes provision for individual students through its correspondence classes. As mentioned in Chapter XXII., there has been a considerable development of class work, and the number of enrolments in 1933-34 was 33,744 in junior and adolescent classes, 4,011 in adult classes in social subjects, and 15,743 in employees' classes. The Co-operative College is also under the direction of the Educational Executive of the Union, and provides instruction in a wide range of subjects, naturally in the more advanced stages; but its students take the same examinations as external students, and all the certificates, diplomas, and prizes open to college students are also open to external students. But full references have been made in Chapter XXII. to the College and to other matters allied to class work and the staff, and to that chapter the student is referred for further details.

In addition to planning and organising class work and conducting examinations, the Education Department of the Union encourages societies to organise all forms of educational activity, such as lectures and one-day and week-end schools, whilst the department itself organises week-end schools for committee-members and a number of summer schools for adults, juniors, adolescents, advanced students, teachers, and employees; but these features of co-operative educational work have been touched upon in Chapter XXII., and need not be further mentioned here. The Easter Educational Convention is organised by the Education Department, but many of the meetings being annual meetings of various organisations, are convened by those organisations. The trustees of the Hughes and Neale Scholarships are advised by the Educational Executive, which supervises the selecting examinations and other details relating to the scholarships on behalf of the trustees. A change has recently been made in regard to the scholarships, and whilst the Neale Scholarship will be awarded as heretofore for a period of three years to a young student, the Hughes Scholarship will be allocated to a student of more mature years, who

*The Educational Executive takes charge of this work in Scotland.

will attend Oriel College for a shorter period and not be required to read for a degree. By this method it is hoped to make provision for young men who have been at work since leaving school, but have shown an interest in social reform work and in further studies. Since they will already have had some industrial or commercial experience, such students, it is thought, will be more likely to find occupation in the Co-operative Movement or some allied working-class organisation when they complete their studies; and being the better equipped by reason of their studies at Oxford and their industrial experience, will be able to help the Co-operative Movement more effectively than some previous holders of the scholarships have been able to do.

During recent years the Educational Executive has given much thought and attention to the organisation of adolescent co-operators, and the Union gives financial assistance to the British Federation of Co-operative Youth—which is the national organisation of the Comrades' Circles—and the Woodcraft Folk. The former organisation is the older of the two, and the connection of the Educational Executive with the Federation is at present closer than with the Woodcraft Folk, but this does not imply any less regard for the success of the latter body. The B.F.C.Y., however, was established under the auspices of the Education department, after the Circles themselves had made unsuccessful attempts to maintain the continuity of an independent national organisation. A member of the Education department's staff acts as one of the joint secretaries, and the Educational Executive has a further representative upon the executive of the Federation. In the middle of 1934 there were estimated to be 170 circles in existence, of which 120 were affiliated to the B.F.C.Y. The objects of the Circle Movement are declared to be: (1) To promote the co-operative life of the members; (2) to enable them to become more useful in the Co-operative Movement, locally, nationally, and internationally; (3) to develop Co-operative Education in all its aspects; and (4) to oppose Imperialist wars and work for International Peace. The Woodcraft Folk, although more recently established than the Circle Movement, is no less vigorous, and has made great progress in the face of many difficulties, and it has developed the loyalty and support of its members in a remarkable degree. The Comrades' Circles admit young people from 14 to 25 years of age, but Woodcraft Folk caters for younger as well as older people than these age limits indicate; and whilst the activities of the Comrades' Circles are principally indoor activities, those of the Woodcraft Folk are largely outdoor ones intended to develop closer contact with Nature and to foster the group spirit through camp life and allied activities. The Educational Executive is represented upon the Council of the Woodcraft Folk, and uses all possible opportunities to persuade local societies to foster the establishment of Woodcraft groups.

The Co-operators' Educational Fellowship, which also operates with the friendly help of the Educational Executive, exists for the purpose of uniting interested co-operative educationists for common

action and mutual benefit. It makes a special appeal to students and ex-students of classes, and whilst it admits to membership all those who are interested in co-operative education, including members and officials of education committees, it seeks to enlist the energies on behalf of co-operative education of those who, because they hold no official position and have no other link with the educational work of the movement, would tend to be lost to the Movement. Through the medium of the *Co-operative Educator* and a quarterly letter issued to members, they are kept in touch with educational activities and with one another; and in some centres the local members meet for the discussion of some subject of co-operative importance and/or they organise a panel of lecturers who are prepared to lecture to guild branches and other co-operative organisations. Research work of an elementary character is also undertaken by the members, who have already prepared a Co-operative Calendar which records events of historical importance to students, and are at present compiling a co-operative bibliography. The secretariat is at the Union's head-quarters, and connection with individual members and with the branches that have been established is maintained therefrom.

Although the Co-operative Educational Secretaries' Association is not an official part of the Co-operative Union, it works in close co-operation with the Union's Education department. Its objects are to assist educational secretaries—particularly newly appointed ones—in the carrying out of their duties, and to provide facilities for educational secretaries to meet for the discussion of matters of common interest. Within the national organisation, sectional groups exist, and in most sections one or more week-end schools and/or other meetings are arranged each year, whilst the national organisation issues a quarterly bulletin containing news and informative articles of service to members of the association. Working in close co-operation with the Educational Executive of the Union and with the various sectional educational associations, the Educational Secretaries' Association has already done valuable work on behalf of its members and the Movement's educational activities, and continues to do so. Although its membership at the end of 1933 was only 164, these included the educational secretaries of the larger societies, and the influence of the association is greater than the number of its members might suggest.

Headquarters' connection with outside Educational Bodies.

Earlier chapters have disclosed the fact that the Movement has always sought connection with educational organisations outside its own borders, *e.g.*, with the University Extension Lecture movement and the National Union of Teachers. The policy of co-operation with other educational bodies whose objects are worthy of support by co-operators as such, or whose work directly benefits co-operative members, has been continued. In consequence, the Educational Executive is connected by representation with a number of educational organisations. Its connection with the Working Men's College,

London, is of long standing; and co-operators who took a part in founding both Ruskin College and the Workers' Educational Association are still represented upon the governing bodies of both organisations by a nominee of the Educational Executive. Through the Workers' Educational Association, the Educational Executive also nominates a member of each of the University Joint Tutorial Classes Committees, with whose work the Education department has been associated since its commencement. The Executive was for some years associated with the British Broadcasting Corporation, but the period for which the education committees of the B.B.C. were appointed is now ended, and new machinery is being created. The Committee is also represented upon the committee of Fircroft College, Birmingham, and the British Committee of the International High School, Elsinore, and upon the Yorkshire Council for Further Education, in which council it is associated with other voluntary bodies and local education authorities. Representation upon the Adult Education Consultative Committee and the Juvenile Organisations Committee of the Board of Education must also be included in this list. Through these various organisations and committees, the Movement not only prevents its own work from suffering the evils of isolation, but it is able to protect and promote the interests of co-operators whilst helping forward the cause of Education.

Work of Educational Associations.

As mentioned on a previous page, an educational association exists in each of the Co-operative Union's sections in Great Britain. The associations in almost all cases hold quarterly conferences at which a paper of importance to educationists is read; and a number of them organise one or more week-end schools each year. In addition, the more active of them make, regularly, a survey of their area and seek to secure the establishment of education committees in those societies where none exists. They also compile an annual statement of the educational activities undertaken in their section, and thus bring to the notice of backward societies the educational activities of the more progressive ones. A number of them also co-operate with the Educational Executive in securing contributions to the annual appeal issued for funds to provide the National Co-operative College Scholarships awarded each year; and in those cases where £90 is provided by a section one scholarship for a complete session of three terms is awarded to an applicant from that section, if one of a satisfactory standard is forthcoming. Each association has a representative upon the Educational Council, and he acts as a connecting link between the centre and his association and its members, thus strengthening the interest of local societies in the work that is being done at headquarters.

Work of Local Societies.

The local society is the main channel through which educational facilities are made available to individual co-operators. The educational

activities of societies vary amazingly. Some societies do little more with their educational fund than publish a localised *Wheatsheaf*, or distribute the *Co-operative News* on a subsidised basis, and arrange a concert or lantern lecture or tea party, whilst others enter with vigour every field open to the educationist, arranging classes for juniors, adults, and employees, week-end schools and one-day schools, lectures, concerts, conferences, plays, choirs, comrades' circles and woodcraft groups, besides providing scholarships for summer schools, publishing a localised *Wheatsheaf* or special local publication, and pushing the sale of co-operative literature of all kinds. What some do, others might do; and before the Movement becomes as educationally alive as it should be, a larger number of local committees will require to adopt a wider policy and programme, and pursue their work with greater vigour. One reason for the comparatively small achievements of some committees in the sphere of classes is the fact that the organisation of classes has now become a matter calling for a knowledge of courses and regulations which in former days was not required. Hence committees hesitate to approach the task unless their secretary or one of their number is confident enough to give a lead. But education committees suffer in comparison with management committees in having a secretary who is only a spare-time official, and frequently the rules provide that he, like members of his committee, may not submit himself for election for a stated time after he has served for a period of three, four, or five years. Even when no such rule obtains, the vicissitudes of his employment or the fluctuating opinions of the electorate may cause an educational secretary to lose his post, and a newly appointed secretary who knows nothing of the educational work of the Movement may take his place. There, therefore, seems little hope of the education committees in some societies reaching the standard of attainment desired, until their educational secretary has greater permanence of appointment, or the central or sectional authorities are able to appoint qualified organisers who can visit educational committees and show them the way they ought to travel, and how to equip themselves for the journey.

Despite these limitations progress is to be recorded. The amalgamation of societies during recent years has usually led to a better-informed and more vigorous educational policy being adopted, and in some cases amalgamation has made possible the appointment of a whole-time educational secretary, whose appointment has led to a considerable expansion of activities. The growth of class work during recent years is partly due to changes of this nature; but the increase in class work has been at least equalled by the increase of one-day schools and week-end schools, which have contributed materially to the education of co-operators since the war. Conferences, also, have become more numerous since the end of the war and, cumulatively, these conferences, too, have contributed to a wider diffusion of knowledge and understanding. It is often felt difficult to justify the expense of a particular conference, but even if the discussion at the conference does

not reach a high standard, it does not require long reflection to create the conviction that the benefits derived from conferences are not confined to those following from the address given or the discussion which succeeds it. Conferences help to give the sense of unity without which the Movement would disintegrate and lose strength; but more than that, the informal discussions at the tea table are often of great value to individuals taking part in them; and in any case Co-operation is something more than buying butter and sugar collectively; it is the working together of individuals for the common good; they have to learn how to work together effectively; and it is necessary to meet together in order to learn. Conferences, one-day schools and week-end schools are therefore of educational value to co-operators quite apart from the lectures given at them, and this is especially true of summer schools where the students meet for longer periods.

Music and the drama have received considerable attention in local societies during recent years. Many societies have established junior or senior choirs or both; and in most sections a Sectional choral association, which works in co-operation with the sectional board, has been established. A high musical standard is reached by both junior and senior choirs in many centres, and programmes are provided that earn the praise of exacting critics. In these centres as well as in others where opportunities for attaining the highest standards are more restricted, much has been done for the musical education of co-operators, and valuable assistance has also been given by choirs in the propaganda meetings arranged by their society from time to time. Orchestras, also, are organised, and do good work, but they are less numerous than choirs. Dramatic societies are of a more recent growth than choirs; but they have provided another outlet for the energies of co-operative members, and have further demonstrated the truth that co-operative educators think of the leisure of co-operative members and of culture as well as of technical education and education for social change.

Educational Purposes and Attainments.

Despite the considerable progress which co-operative educational work has made during the twentieth century, no well-wisher of Co-operation can be satisfied with present-day attainments. When measured in relation to the number of children in co-operators' families, the number attending children's classes is ridiculously small; and the same is true of students in employees' classes in relation to the quarter of a million employees, and of adult students compared with the Movement's seven million members. How to enlist the interest of the uninterested is one of the greatest problems of other co-operative enthusiasts as well as of the co-operative educationist. Unless members are interested in the principles of Co-operation, and are prepared to work for their full application in social life generally, the Co-operative Movement will ultimately degenerate into a joint-stock organisation,

its members caring little for human progress so long as its dividends are satisfactory. Co-operative education is concerned first with the work of making co-operative members into co-operators who understand the principles of co-operation, second with explaining the possibilities open to a community, large or small, which adopts these principles in its economic and social life, incidentally showing how most of our present-day problems can be solved, and solved only, by the adoption of these principles; and in the third place inspiring to activity in the service of the group those who have been convinced through education of the great benefits available when co-operation replaces competition. The earnest co-operator starts off with the assumption that there are fine qualities in the individual which are suppressed by our present social system based upon individualism and competition. These finer qualities he believes can be best fostered *when the individual works with his fellows for the common good*, and when the rivalry and jealousy of competition are replaced by the fellowship of co-operative action. He looks to education as a means of turning people's thoughts in what he conceives to be the right direction; he does not belittle the importance of ability and efficiency; but he thinks that cleverness of itself is not enough to create a truly prosperous world of happy citizens: he wishes education to create the desire to do what is right as well as what is clever, and he attaches as much importance to the cultivation of habits of right action as he does to the acquisition of knowledge. He therefore does not agree with those educationists who wish to sharpen the intellect of the individual for a competitive struggle in which the cleverest, the strongest, or the least scrupulous may gain the victory, and the non-successful, however hard and honestly they may have striven, are pushed to the wall. Rather does he think it better that education should create the desire for a common prosperity, which all may enjoy, and he wants education to show the individual the part he can play and should play in realising it; in other words it must be education preparing for co-operation, and not for competition. He therefore takes no narrow view of the contents and methods of education. Participation in a co-operative effort in which the individual learns the art of working with others is just as important as learning the inspiring history of co-operative effort. Much co-operative activity which is not labelled co-operative education is co-operative education in fact; and the quality of every co-operative society depends upon the degree in which its members have developed their faith in Co-operation, and their ability to co-operate. Formal co-operative education is valuable so far as it inspires students and leads co-operators to develop their ability to co-operate and to act co-operatively in their everyday life. It needs no great vision to realise that a world in which co-operation was the guiding social principle would be a very different one from that in which competition rules and dominates people's actions, even if it is modified, controlled or restrained here and there by legislation and custom. In this sense the claims that Co-operative

education is education for social change is fully justified; and the future of Co-operative Education, indeed the future of the Co-operative Movement itself, depends upon the success of co-operative leaders in convincing non-co-operators that social change on co-operative lines is desirable. Herein lies the importance of Co-operative Propaganda.

Co-operative Propaganda.

Every enthusiast for a cause feels it his duty to proclaim the truth as he sees it, and becomes a propagandist for his cause. A movement like the Co-operative Movement which is seeking to effect a social change can only succeed if its propagandists are successful; and every enthusiastic co-operator is a propagandist. But propagandists, if they are to attain the maximum success, must be well-informed, and their work must be organised and well-directed. Hence the Co-operative Movement no less than other movements requires a definite scheme of propaganda, which is engaged in by propagandists who specialise in the work and are able, because of their specialised attention to the work, to direct the operations of willing but untrained and part-time propagandists. Because of this need the Co-operative Movement has, for very many years, employed at least one whole-time propagandist, and at the present time two are employed in England and Wales—Scotland organises its own propaganda—who work under the supervision of a joint propaganda committee of the Co-operative Union and Co-operative Wholesale Society. They visit districts untapped by co-operative societies in order to establish the Movement in them, and they help societies which need strengthening or are making a special effort to increase their membership or trade. Needless to say, societies themselves also undertake propaganda, and many of them systematically arrange propaganda meetings and concerts for the purpose of reaching their own members and the general public. But propaganda takes many forms, and whilst on the one side it impinges upon education, it impinges on the other side upon advertising and publicity work generally. In this branch of work, both the Wholesale Societies are specially active. Thus the C.W.S., as befits the larger of the two societies, has a special publicity department, and maintains a fairly large staff of lecturers, whose members are busily occupied during the winter months in giving lectures—usually with film displays—upon the Wholesale Society and its various products to audiences collected by local societies. Its advertising section utilises the Press and public hoardings for the display of advertisements of C.W.S. products; exhibitions are arranged in many towns during the year and, in addition, some exhibitions are arranged under the auspices of the Joint Exhibitions' Committee of the Co-operative Union, the Co-operative Wholesale Society, and the Co-operative Productive Federation. Thousands of people visit these exhibitions, and many of these visitors learn for the first time of the great magnitude of the Movement's operations and the

similar lines to the Co-operative Wholesale Society, the Scottish Wholesale Society also undertakes propaganda and advertising, though its operations are naturally on a smaller scale than those in England and Wales. Many of the larger societies also maintain a publicity department directed by a publicity manager, whilst most of the education committees undertake propaganda and frequently publicity work as well, either alone or in co-operation with the management committee. Canvassers, also, are employed by some retail societies, and whilst their primary purpose is to collect orders they necessarily propagate co-operative principles in pursuing their primary object. Mutuality club collectors and co-operative insurance agents likewise are frequently good propagandists for all forms of co-operative effort.

A chapter dealing with propaganda would not be complete without a reference under that heading to the Co-operative Fortnight when co-operative societies through the length and breadth of the land simultaneously engage in a propaganda effort employing meetings, posters, Press advertisements, and pamphlets to deliver the co-operative message. Equally, reference must be made to Co-operators' Day—the first Saturday in July—when co-operators the world over celebrate the day by propaganda effort, which takes the form of meetings, processions, and demonstrations, special attention being usually devoted to International Co-operation, the International Co-operative Alliance having taken the initiative in introducing the idea of Co-operators' Day to the various national co-operative organisations.

Publications.

When the Rochdale Pioneers opened their store there were many people who could not read, and the co-operative message could be carried to them only by the spoken word; but, to-day, the person who cannot read is a rarity. One of the remarkable changes which the twentieth century has witnessed has been the growth of interest in reading, and therefore the growth of the reading public—the book-shop and newspaper stall of to-day compared with their ancestors of 1900, bear ample evidence of this growth. And the Co-operative Movement has taken advantage of it. The publications of the Co-operative Movement to-day are amazingly large in number and wide in variety. The weekly newspapers, the fortnightly, monthly, two-monthly, and three-monthly magazines, and the annual publications, such as year books, are supplemented by text books, books for the general co-operative reader, and millions of copies of pamphlets and booklets. The principal publishing bodies are the National Co-operative Publishing Society, the Co-operative Union, and the Wholesale Societies, but the Co-operative Productive Federation publishes a monthly, *The Co-operative Productive Review* (and also an annual, *The Co-operators' Year Book*), and the managers and secretaries publish their own monthly magazine, *The Co-operative Official*. Local societies in England and Wales usually issue to their members either the

Wheatsheaf (published by the C.W.S.), with localised pages or a special monthly of their own; and some of the local Co-operative Parties publish a localised edition of the *Citizen*, which is issued for the furtherance of the interests of the Co-operative Party.

The National Co-operative Publishing Society is the result of the amalgamation of the English and Scottish publishing societies (recommended by the Survey Committee), mentioned earlier (page 227). It is responsible for the publication of the *Co-operative News*, the *Scottish Co-operator*, *Reynolds's Illustrated News*, the *Carpenter and Builder* (all weeklies), the *Woman's Outlook* (fortnightly), and the *Millgate Monthly*, *Co-operative Youth*, and *Our Circle* (all monthlies). This series of publications represents an amazing advance upon the publications of the two societies, which merged to establish the Publishing Society. Much pressure has been exercised to induce the society to publish a daily paper; but the arguments against such a development have so far been the stronger. Whilst the Publishing Society may be said to specialise in newspaper and magazine publication, the Co-operative Union publishes principally, but by no means solely, text books and pamphlets for propaganda and educational purposes. It does, in fact, publish two magazines with an increasing circulation, viz., *The Co-operative Union Review*, published every two months, and the *Co-operative Educator*, published quarterly, the former being mainly informative for committees and officials of societies, the latter being prepared for the educationists of the Movement. The Union also publishes, monthly, a News Service, containing paragraphs of interesting items for the use of local editors of the *Wheatsheaf* and retail societies' magazines. But, principally, the Union is a publisher of text books and pamphlets. The number of text books published has increased enormously during the twentieth century in consequence of the growth of the Movement's educational activities. Pamphlets, too, in a never-ending stream issue from the Publications Department of the Union, which is responsible not only for the publication of papers to be read at conferences, but also for general propaganda literature, and the publications of the Co-operative Party and the various departments of the Union.

The Co-operative Wholesale Society publishes a growing list of journals and other publications. Apart from the *People's Year Book*, which was the successor of the Annual published jointly by the two wholesale societies, the *Wheatsheaf* is the oldest of its present publications. Intended, as the *Wheatsheaf* is, for the rank-and-file members of retail societies in England, Wales, and Ireland, these societies usually have printed for their special needs pages of local matter in this monthly publication, which has the largest circulation of all British co-operative serial publications. Monthly, the society also publishes the *Producer*, which deals with trade matters of interest and importance to committees and officials. More recently it has published *The Link*, which collects information relating to co-operative

organisations at home and abroad, and about the activities of the Movement's competitors, and *Ourselves*, which is a monthly journal for the employees of the society. In addition, informative booklets are published from time to time bearing upon the activities of the society. The Scottish Wholesale Society, also, publishes a quarterly magazine for its employees entitled *Echoes*.

The combined list of publications here enumerated does not include all that might be mentioned, *e.g.*, *The Guildman*, published by the National Co-operative Men's Guild; but it is sufficiently descriptive to support the statement that the publications of the Co-operative Movement represent not the least, and certainly not the least important, of the Movement's activities. The children, the adolescent, and the adult member, the young student, the committee-member and the official are all provided for in this comprehensive list; they are, indeed, often provided for by two or more journals or magazines of different types, and no one who desires a knowledge of what the Co-operative Movement is and what it is doing need go short of the information through lack of explanatory literature.

PART VI.

CHAPTER XXX.

THE SOCIAL QUESTION.

Edward Owen Greening, on the last occasion on which he addressed a gathering of co-operators, recalled that he once heard one of the Rochdale Pioneers declare that they had founded their society "with the fixed determination to revolutionise the world." In the midst of the Movement's daily routine the fact that it is not only capable of revolutionising the world, but is actually doing so by the very act of gaining adherents and extending its business is easily forgotten. But its revolutionary purpose is of first importance when, as in the present part of this book, it is necessary to consider the Movement's relation to the world which it is engaged in transforming. No right conclusions can be drawn concerning the Co-operative Movement's attitude to the State, and its relations with capitalism, and with those movements and organisations which like itself, are opposed to capitalism, if the Movement's first principles, ultimate goal, and view of social progress are ignored. The aim of this chapter is to indicate in outline the co-operative criticism of modern social life and conception of the problem which the Movement is called upon to solve.

Social Unrest and the Social Problem.

In Great Britain and all the nations which have adopted the factory system and engaged in world commerce, there exists social unrest, a smouldering discontent which now and again flames up in strikes and other acts of defiance to authority. This unrest can be explained in many ways; its causes are not simple but complex. It is not confined to countries in which hours of labour are long and wages are low. It is often greater and more explosive where the industrial population is comparatively well protected and comfortable. Labour disputes are as violent and bitter in Australia, for example, as in other countries of the world. But everywhere social unrest is associated with great differences between the lives of rich and poor, a feeling of outraged justice, and the idea that a society in which extremes of wealth and poverty exist side by side is organised on wrong lines. Discontent among the poor is no new thing. The ancient world had its conflicts of plebeians and patricians and its rebellions of slaves and serfs. But in the modern world there are certain features of social life that give unrest greater justification and add fuel to the flame of discontent. Society's power to produce useful and enjoyable things has increased enormously during the past few generations. The national wealth grows visibly; comforts and facilities multiply; but a third of the citizens still live in poverty, that is, obtain less than the minimum of

food, clothes, and houseroom necessary to maintain physical health. Machinery without end is invented to save labour, but work daily becomes ever more irksome because more monotonous and mechanical. Workers are speeded up in order to reduce cost of production, while their employers form cartels in order to keep up the prices of their products. Again and again a cry of over-production is raised, output is reduced, and workers turned away, but year in and year out society underconsumes. By industry and thrift a worker can scarcely gain enough to provide for his old age, but the lucky or unscrupulous speculator or the child born with a silver spoon may live idly and disreputably without fear of want. The modern poverty problem is not that of the ancient world which lived in subjection to nature and worked by rule of thumb. In modern society, poverty continues while production is reduced to an exact science, and research every year opens up new sources of industrial power. A hundred years ago economists may have taught that poverty was due to the niggardliness of nature with some show of plausibility. Co-operators, however, refused to believe them when they did. To-day, no economist believes such a thing; and the plain man and woman know as well as the economist that poverty in Western nations is due, not to "natural" causes, but to bad social organisation and industrial disorder.

But we under-estimate the poverty problem if we think of it simply as a matter of making good a shortage of material needs. The problem is not solved when the poor man is assured of a full stomach, but when he has a fair chance of a full life. In addition to sufficient food, clothes, and shelter, every citizen, if human life is to reach beyond the mere animal, must have opportunities of leisure, of education, of recreation which does more than just distract the mind from work and worry, of travel, and of intercourse which enriches the understanding and calls forth the social virtues. In England to-day, education, above the elementary or technical, is only just ceasing to be one of the perquisites of wealth; and the entry it affords to the liberal professions, the higher ranks of government service, and the chief civic offices was a class preserve hardly a generation ago. Poverty produces not merely under-nourished, rickety, and tuberculous children, but citizens with stunted minds lacking in social responsibility, and unfit to govern their own affairs. If it were possible, and this is very doubtful, to find ways and means of providing every citizen with a comfortable income and steady work without making any arrangement for his or her intellectual and moral betterment, the social problem would not be finally solved, for with stupid, ignorant, or irresponsible citizens, the same old evils would be sure to return. This is the reason why philanthropy and charity, even at their best, do not help in the solution. They distribute gifts, not earnings. The common people cannot be delivered from the evils which beset them by the action of Governments, or dictators, or benevolent employers, or the well-to-do classes, unless they are themselves striving to free themselves, and learning the discipline under which alone they can retain and enjoy freedom. Even now they

seem unable to draw the right moral from what they have accomplished in their trade unions, friendly societies, and Co-operative Movement, and expect social order to be created for them by politicians or bureaucrats. Self-help, because of the lessons it teaches and the qualities it develops, cannot be left out of any satisfactory solution of the social problem. Indeed, the best solution must be that which at one and the same time improves the material conditions of the masses, and encourages the average man or woman to become a better specimen of humanity.

Distribution of Wealth.

A few figures will quickly show how the wealth of Great Britain is distributed. Shortly after the war, a distinguished economist calculated on the basis of income tax returns that 1¾ million people, or three-quarters of all those reckoned as owners of property, did not own so much as £100 apiece, and that altogether they owned no more than 7½ per cent of the nation's accumulated wealth. On the other hand, 48,800 people, or one-half per cent of the property owners, possessed 38 per cent of the national wealth. Between these two extremes were to be found a fairly large class of people owning from £100 to £5,000 each, with 28½ per cent, and a small class of 244,700 owners with fortunes ranging from £5,000 to £25,000 apiece who owned 26 per cent. The situation may be summed up by saying that nine-tenths of the wealth of the country is owned by less than a quarter of the adult population. If incomes, rather than accumulated wealth, formed the subject of inquiry, the result is not greatly different. There are millions of citizens whose incomes barely cover needs, and a few thousands whose incomes are always equal to the last luxury. Only less important than the size of incomes is their source. The Commissioners of Inland Revenue, for example, classify incomes as earned and unearned. Amongst the earned incomes are wages, salaries, fees, and under some circumstances, business profits, because these incomes are the reward of labour or enterprise of the recipient. On the other hand, incomes derived from investments and the ownership of land and buildings, which accrue to the possessor, not because of what he does, but because of what he has, are reckoned as unearned. Economists who have analysed the national income from this point of view, state that in 1924, out of a total national income of about £4,200 millions, about £1,600 millions were earned as wages, £740 millions as salaries, and perhaps another £520 millions earned in other ways. The remainder, at least a third of the total, was what the income tax collector would call unearned, and paid to recipients as dividends on shares, interest on loans, rent for land and houses, royalties on mining operations and so forth. It is, of course, the existence of incomes from property that gives rise to a class of leisured persons, of people who do not need to work in order to live, who are entitled to draw a large share of the national income but not obliged to take any share in the labour that produces it. No further proof of the fundamental disorder of modern society need be

asked than that it fails to find the minimum of sustenance for the workers who are indispensable to it, yet lavishes luxuries upon the idle who are parasites and encumbrances. The present distribution of wealth is not simply unequal, it is unfair. It adds moral to economic confusion, and the result is that people whose wealth exempts them from labour are treated with greater respect than the world's workers, and to become a drawer of unearned income is regarded as a praiseworthy ambition and a proof of success in life.

Private Property.

The power to draw unearned income is derived from the possession of something which other people need, and for the use of which they are willing to pay. For example, no industry can be carried on without land, which in Great Britain has been for centuries mostly in the possession of a very select class of people. The law permits these people to do almost what they please with it. They may use it or abuse it, sell it or let it, give it away, or bequeath it to others, fence it round, and prosecute those who venture upon it without permission, turn out crofters and let it as a deer forest. The mass of the nation can only get a living upon or from its native land by paying rent to a landlord out of the produce of its labour ; and the busier and more prosperous the nation, the more its commerce and its industries expand, the larger the landowner's income and the higher his selling price. If the land has minerals beneath it or good sites for works or docks, it is more valuable than if it were simply fertile. The higher the prospective gains, the higher the rents that business men will pay rather than forego them. Or again, business men cannot develop their enterprises without increasing supplies of capital. Few of them in modern times have enough capital of their own to supply the needs of their business. They, therefore, hire it, paying interest for the use of it, or they persuade capitalists to become shareholders in the business and share the risks and the profits. The bigger and more complicated modern industry grows, the greater the dependence of the business man upon those who own or manipulate capital, especially upon the bankers who are the collectors of the nation's spare money. The more capital is in demand, the greater the capitalist's bargaining power, and the larger the share of the national income that falls to him.

But the business man who is the paymaster of the worker, the landlord and the capitalist, expects to have a profit left for himself. That is the chief reason why he is in business, and if he is keen he is endeavouring all the time to make his profit as large as possible by reducing his expenses and selling the largest quantity of goods at the highest price the market will bear. At one time, competition was the rule, and business men endeavoured to make their profits by increasing efficiency, reducing expenses, lowering prices, and so encouraging their customers to buy more and perhaps gaining customers from their competitors. More recently, however, business men have recoiled from the risks of competition, and sought an easier way of making

profits than thinking out cheaper methods of production, by agreeing to maintain prices and not to compete. In recent years, business men have tried more and more to regulate markets, to keep up prices by restricting production, and to build up monopolies. Under circumstances such as the outbreak of war, which limit the supplies or increase the demand for certain types of commodity, business men stand to gain *from the rise in price even if they do not actually hold the nation to* ransom. Business profits are not always earned by business efficiency; they may be made by checking and not by developing production; and often they are the result of happy accident—happy for the profiteer, if a calamity for the community. In any event, this questionable division of the national income tends to be perpetuated in the distribution of accumulated wealth. If drawers of unearned incomes do not spend all they get, but reinvest all they can save, then by compound interest, *their fortunes grow like a snowball; and if two or three generations* in succession should be reasonably shrewd and thrifty, a big fortune can be built up by inheritance.

The pursuit of profit, itself a means to unearned income, exemption from labour, and the social and political influence which the possession of wealth confers, is thus the mainspring of modern economic life. A service, no matter how necessary, that offers no prospect of profit, or less than the generally expected rate of profit, is usually left for Government to organise. The shortage of dwelling houses after the war was not made good until Government subsidies guaranteed sufficient profits to the builders, and while the indispensable houses were left unbuilt, the towns were encumbered with superfluous cinema theatres because the prospective profits were greater. Indeed, part of the popularity of the cinema was due to the discomforts of over-tenanted houses. Moreover, capital behaves in exactly the same fashion, flowing where profits are obtained, but drying up when profits cease. And the capitalist knows equally well how to turn national emergencies to good account. During the last war, Britain pledged the productive power of her workers and technicians for generations in order to hire capital, while conscripting the lives and labour of her citizens. While the means of production as well as the profits are in private hands, society is never safe from the profiteer.

True Solution and the False.

If the root of the present social disorder is to be found in individual enterprise, the pursuit of profit, and private property, it seems reasonable to conclude that order can be restored by replacing them by co-operative enterprise and public property, and by eliminating private profit. Proposals which aim simply at altering the distribution of income are, therefore, not solutions of the problem. Present-day Governments levy super-tax and heavy death duties upon great fortunes in order to provide social services which directly benefit the poor. They may carry this policy further, but they will not thereby change the industrial system which perpetuates riches and poverty. The familiar saying

that the problem of production is solved and that the problem of distribution alone remains conceals a dangerous fallacy. It has been shown more than once that if the national income were divided equally among all the citizens, the standard of living would not be high. If, by some miracle, equal incomes could be suddenly achieved, the industrial system would need to be revolutionised. Luxury trades would find their markets gone while people whose sudden increase in spending power would enable them to pay for an adequate supply of necessaries, would be unable to obtain them. Moreover, new sources of capital would have to be tapped, for the rich who now supply most of the new capital required every year, would no longer exist. It is impossible to redistribute the nation's wealth without reorganising its productive organisation, for the one is the reflex of the other.

When we come to consider how we are able to eliminate profit-seeking and institute collective property, we encounter a second fallacy only less widespread than the first. It is that these ends can be achieved by purely political means, that industry can be reorganised by majorities in Parliament and on local councils, and that all the citizens have to do is to vote in sufficient numbers to ensure such majorities, and that all the majorities will have to do is to pass laws and resolutions. As an alternative, it is suggested that by a concerted refusal to work under the old, bad conditions, by a general strike tantamount to a revolution, working people could gain control of the Government and reorganise industry by law and decree. We may pass by the question whether either of these political methods is practicable or likely to attain the end in view. We may simply remark that all the Labour and Socialist Governments that have yet held power, have not gone further than Mr. Snodgrass, who was taking off his coat and saying he was going to begin. In introducing the reforms they desired, they have found themselves checked and hampered at every turn by vested interests, and could never act really independently of big business. A violent revolution, not without its horrors in Russia, would be more than terrible in Britain, a country which imports most of its food. Gradualness as the Fabians insist, is inevitable. But purely political solutions of the social problem are seen to be impossible when it is remembered that people bred and trained in profit-seeking business, cannot be transformed by a stroke into public-spirited officers of State, and that educating the general public in its rights and duties is an even slower task. Lenin, with all but despotic power, had to revert to Co-operation as a means of training the Russian people to live in a Socialist State. The truth is that where any of these political reformers have been faced with practical problems to solve, they have been unable to make progress without borrowing from Co-operation.

This very fact is evidence that Co-operation, when it is fully understood and applied, is a more satisfactory solution of the social problem than any other. It is a practicable alternative to individual enterprise to which it has already proved itself in many respects superior in efficiency. The extension of the Co-operative Movement not merely

relieves poverty by providing people with means of increasing their material comfort, but produces a superior type of citizen by training its members in the management of their common affairs. It lays the foundations of economic order by organising consumers so that the demand for goods, the sole justification for production, can be adequately measured. By eliminating profit it checks the bad kinds of competition, and so gives play to two important driving forces which the capitalist system stifles, namely, the consumers' need of commodities and the workers' pride in good workmanship. By linking distribution with production, it eliminates over-production, ensures the orderly passage of goods from stage to stage of their journey from the land to the consumer, abolishing speculation, regularising employment, and making possible the more humane treatment of labour. By writing off its land, premises, and machinery, and building up reserves, the Co-operative Movement creates funds of collectively-owned capital which are in effect public property. Limiting at the very outset, by fixing interest rates, the share of individual capitalist in the product of industry, it holds out the prospect of dispensing with him altogether, and, therefore, of eliminating interest and rent. Under the co-operative system made universal there would be no need of heavy taxation to break up great fortunes, for great fortunes could not be made, nor would poverty continue, for exploitation would have ceased. These fundamental, and because fundamental, therefore revolutionary, changes in the structure of society, Co-operation can carry out by a process of growth, relieving suffering, not, like other revolutions, inflicting it on the people, and increasing their intellectual riches and moral stamina as it proceeds.

CHAPTER XXXI.

CO-OPERATION AND ORGANISED LABOUR.

The trade unions have played from the very beginning a part of some importance in the history of the Co-operative Movement. Having to a large extent a common membership, adhering to common principles, inspired by a common hostility to capitalism, the movements have grown side by side for a hundred years. Never completely detached from one another, they have, nevertheless, worked in close association only in times of emergency. The only comprehensive programme of common action they ever framed and adopted very rapidly became a dead letter. Yet no responsible leader of either movement would call in question the need for a cordial understanding or even a working agreement between them. The constant struggle between organised capital and organised labour cannot be ignored by the Co-operative Movement; the ebb and flow of the conflict affects its own prosperity, as the history of the stores in the coalfields during the ten years after the war clearly shows. No co-operative society can view with indifference an industrial dispute which reduces the spending power of its members. On the other hand, the trade unions recognise that their power of resistance has been strengthened to an immense degree by their members' participation in co-operative stores, apart altogether from the influence of progressive co-operative societies in increasing the purchasing power of money wages and setting an example of liberal conditions of employment. In spite of all this mutual dependence and esteem, there is within each movement widespread ignorance of each other's history, mission, and inner organisation, and the greatest haziness concerning their proper attitude to one another. The present chapter consists of a brief survey of their relations from a co-operative point of view.

Co-operative Pioneers and Trade Unionism.

In the early years after the repeal of the Combination Acts the leading trade-unionists were also leading co-operators. The part they played was indispensable, for it is to men like William Lovett and the William King who was the pioneer of the Labour Exchanges, and not to Robert Owen, that Co-operation owes its democratic character. Co-operative leaders who were not trade-unionists, however, could fully appreciate the utility of trade unions, both to the workers and to the Co-operative Movement. Dr. King devoted two issues of his *Co-operator* to a discussion of trade-unionism and the part which the unions could play in promoting Co-operation, and, as elsewhere, his statement of the position is classic. Making allowance for the fact that his ideal form of Co-operation was the self-supporting community, he outlined the attitude which the co-operator must always take to trade-unionism in terms that can scarcely be bettered.

He begins by acclaiming trade unions as "the workman's hope" and vindicates the worker's right to sell his labour where he likes and how he likes: "and if a company of workmen choose to unite," he continues, "to trade in labour, they have as much right to do it as a company of masters to trade in capital." He recognises in trade-unionism the embodiment of the very spirit of union which is the cornerstone of civilisation and the first principle of Co-operation. But though the trade unions can protect the workers' interests in many ways against the greed of the masters, they cannot liberate them from "the thraldom of fluctuating and ruinous wages." "The causes which regulate wages," he says, "lie beyond the masters themselves, and are to be found in the state of the great markets of the world, which the master is to supply. As the world is at present governed, the wants of the world regulate commerce; commerce regulates trade; trade regulates wages." He goes on to argue that if the energy and machinery of the trade unions were applied to Co-operation there was nothing to prevent them from becoming "omnipotent in the affairs of men." "Whoever commands labour commands men. Who can so easily command labour as the labourer himself? The capitalist cannot labour; therefore, as soon as the labourer becomes his own capitalist, the mere capitalist will dwindle into insignificance, and the joint-labour capitalist will become omnipotent."

Dr. King's proposal was not that the trade unions should abandon their customary methods and machinery. They should rather make use of their organisation for the purpose of collecting funds of capital which should be employed in co-operative productive enterprises. "Trade unions," he wrote, "will continue to collect their weekly rent as usual, but they will no longer invest it in savings banks, Government securities, mortgages, and such like absurdities. They will invest it in Co-operation; in forming co-operative societies among their own members; in lending moderate sums of money to other societies; in forming manufactories of their own for supplying co-operative societies with tools, instruments, and machines of various kinds; in giving employment in these manufactories to the most skilful hands, and above all, in giving employment to those hands which are driven out of different manufactories by the want of demand for goods, and the inability of masters to give employment." In short, as Dr. King wrote elsewhere, the unions should be stepping stones to Co-operation. They should draw off surplus labour from the ordinary labour market into co-operative workshops and settlements in the land, thus causing the general level of wages to rise and hastening the conversion of industry into a co-operative form. Lest it be thought that Dr. King's programme is utopian or old-fashioned, it should be borne in mind that in the present century, before the rise of Fascism, Italian trade unions, probably in entire ignorance of King and his teaching, were successfully doing what he recommended. They organised labour societies and co-operative farms, reclaimed waste land and cultivated it, relieved the pressure of unemployment, and raised the wages of unskilled labour throughout their district.

The "New Model."

However, neither of the early co-operative and trade union movements which Dr. King wished to link together had found a stable form of organisation. In order to do so, each had to concentrate separately on its own problems. Trade-unionism invented its "New Model" in 1846, two years after Co-operation had worked out its "New Model" in the Toad Lane Store. Both these fresh starts meant a change of direction, and the routes followed by the two movements seemed for a generation or more to lie apart. Each was obliged to postpone far-reaching revolutionary aims and, in order to gain adherents, make some concessions to working-people's immediate needs. What the dividend was to the store, sick and unemployment benefits were to the new model trade union. Both became parts of the system of working-class thrift. It was inevitable that, since both movements could be easily entered for individualistic reasons, they should develop in a fashion which harmonised with the individualism then prevalent in society at large. Not merely were they completely separate in organisation, but the common idea which animated them in the days of William Lovett, the idea of replacing capitalism by a co-operative social order, was foreign to the mass of their membership. It is significant that the group of social reformers who in the middle of the nineteenth century issued a challenge to capitalism were also those who strove to link trade-unionism with co-operation, and they were the Christian Socialists. Their view of trade-unionism was in all essentials the same as Dr. King's. Hence their defence of locked-out engineers against a hostile public opinion, and their endeavours to interest trade unionists in the form of co-operative production which they favoured. Hence also, when Co-operative Congresses were resumed at London in 1869, the invitation to the trade unions to take part. In the Christian Socialist view trade unions were a part of the Co-operative Movement, and trade union delegates were invited to this Congress not as fraternal delegates, but on the same footing as the representatives of the stores or self-governing workshops. This practice, however, never became a custom. Each movement was still too much preoccupied with its own special concerns, the trade unions with the legislation which gave them their first rights, and the Co-operative Movement with productive enterprise and the machinery of the Union, to perceive the importance of maintaining the connection. It was only when they began to make another contact, this time in the respective rôles of employers and employed, that they began to give thought to their mutual relations. The Joint Committee of Trade Unionists and Co-operators, first established in 1882, was the result.

Joint Committee of Trade Unionists and Co-operators.

The Joint Committee accomplished little more than the prevention of friction between the two movements. It made no attempt to deal with fundamentals. It treated particular cases as they arose in the manner that seemed most expedient at the time, in conformity with

the general feeling that it was unwise and unseemly for two great working-class organisations to be at variance, but it contributed little to enlightening co-operators and trade unionists on the principles which should govern their relations with each other. Year after year, if there were no disputes to settle, the Joint Committee did nothing, and reported with satisfaction that it had held no meetings. In spite of this, and because of the expansion of the two movements, whose membership tended more and more to overlap, as well as the growth of a self-conscious Labour Movement, the feeling generally gained ground that trade unionists should be co-operators, and wage-earning co-operators trade unionists, that co-operative societies should observe trade union conditions of employment and avoid employing non-union labour and that trade unionists should purchase co-operative products made by trade union labour. But this feeling was still far from being crystallised into a definite policy at a time when the new German Store Movement, whose union was only founded in 1903, had concluded a comprehensive agreement with the trade unions on all such matters. In consequence, there were still too many co-operative management committees denying to their employees the very conditions which they demanded as trade unionists from their own employers. At the same time, enormous trade union funds were placed in the custody of banks whose chief interests lay in supporting the unions' enemies, while co-operative production was limited by the rate of growth of the consumers societies' capital. The awakening came a year or two before the war. In the big industrial disputes of 1911 and 1912, trade unionists first began to realise how helpful a sympathetic Co-operative Movement could be. The early Guild Socialists expressly pointed to the C.W.S. as the workers' commissariat in the event of a general strike for the purpose of establishing workers' control of industry. At the Co-operative Congress of 1912, William Maxwell, the President of the International Co-operative Alliance, put into currency the formula "fusion of forces," meaning by that, the co-ordination of all working-class political and economic organisations and their adherence to a common policy. Joint conferences were held in the early part of 1913, but the participation therein of the Labour Party caused the Co-operative Congress of that year to lay down that nothing was to be done involving a breach of the Movement's political neutrality, a decision that was reaffirmed at Dublin in 1914. The action of the C.W.S., however, which in 1913 sent a shipload of food to Dublin for the relief of the families of locked-out transport workers, was not only practical help but a gesture of solidarity that stirred the imagination of trade unionists. The outbreak of war and the general rise in prices served to bring into stronger relief the two Movements' common hostility to war profiteering in consumable goods, and this led co-operators and trade unionists to seek an alliance both locally and nationally. In 1917 was set up the United Advisory Council of Trade Unionists and Co-operators, consisting of six representatives of the Central Board and six of the Parliamentary Committee of the Trade Union Congress.

United Advisory Council.

The reunion of the movements now went forward on a national plan. The programme of the Advisory Council was twofold, and comprised educational work with the object of creating amongst the rank and file of each movement a better understanding of the aims and organisation of the other, as well as practical measures of mutual assistance to be put into operation immediately. A series of joint conferences held in half-a-dozen large cities led up to the first National Joint Conference in London on March 6th, 1919. The resolutions adopted unanimously by this conference approved of the Advisory Council's programme of mutual assistance which provided for the establishment of local advisory councils; declared the opposition of both movements to trusts, State subsidies, and protection; and appealed on the one hand to trade unionists to support the trading, banking, and insurance enterprises of the Co-operative Movement, and, on the other, to co-operators to develop their organisations so as to gain greater control of raw materials and sources of supply. The propaganda work of the Advisory Council undoubtedly had considerable influence in gaining trade union support for the Co-operative Movement. Trade union funds were transferred to the C.W.S. Bank, which extended its facilities in order to attract this new type of customer. Co-operative societies on their side were stimulated not merely to adopt trade union conditions of employment, but to require their employees to be members of trade unions. The action of the Co-operative Movement in the Railway Strike of 1919, which the Government attempted to break by withholding the railwaymen's back pay, showed in an arresting manner the power of the two movements acting in unison.

Unfortunately, the slump in trade which began at the close of 1920 forced the two movements to look to their own internal stability, and so brought these promising developments to an end. Both movements lost members, the Trade Union Movement heavily through the discharge of war workers and the widespread unemployment, the Co-operative Movement only slightly. With the collapse in prices the employers moved for wage reductions which were desperately fought. The prolonged coal mining stoppage in 1921 depleted the funds not merely of the miners' unions but of co-operative societies in the colliery districts, which had granted credits to the unions. The legacy of financial problems left by these disputes served as a warning to co-operators that they had not to allow their sympathy with trade-unionism to impair their power to perform their own primary task. Of this, the unions were reminded before the next great mining lockout in 1926. By this time the Advisory Council had ceased to meet, and the educational work which it might have done in both movements in driving home the lessons of the slump was never even attempted. The movements have thus tended to relapse into the vague cordiality of their pre-war relations. Not that the work of the Advisory Council has not been of lasting value. On the contrary, there is a better mutual understanding now than ever existed, and this not merely made possible, but has been

greatly enhanced, by the work of the new Conciliation Board set up in 1926 for dealing with labour disputes in the Co-operative Movement. The Conciliation Board, year by year, is saving the Movement much friction, and building up a body of case-law, based upon precedents, that is undoubtedly helpful in solving disputes. But the definition of agreed principles for which co-operators pressed in 1925 is completely lacking and the need for it still remains.

Problems Awaiting Solution.

In the light of the history of co-operative and trade union relations, certain vital questions may now be considered. In the absence of any modern pronouncement that may be regarded as authoritative, the answers to these questions will not be dogmatic. The aim will be rather to bring together the more important considerations which bear upon them, and to suggest some possible answers.

The first question is that of conditions of employment in the Co-operative Movement in comparison with those in ordinary business. At one time, all parties would have been satisfied if co-operative societies observed the usual trade union standards. Nowadays, however, most keen co-operators and trade unionists, and all co-operative employees, would probably say without much hesitation that co-operative conditions should be superior to those in private trade. Co-operators would agree because of their sympathy with the aims of labour, because they would regard it as a matter of principle to treat labour as generously as they could afford, and because it has always been the Movement's pride to be a leader in raising standards of labour conditions. The trade unionists would agree both because they believe that co-operators should practise their principles and because they can cite the superiority of co-operative conditions as an argument for raising the general level of employment conditions. What co-operative societies can do, other firms in the same lines of business can also do. But there is an opposite view, namely, that trade unions should not expect or exact better conditions from co-operators than from private employers. This is based on the idea that all concessions to labour in the shape of higher wages, shorter hours, holidays with pay, pensions funds, and welfare work enter into the costs of running a business, and that co-operative societies which incur these expenses diminish their power to compete advantageously with capitalist firms. Both these arguments seem to overshoot the mark. Not all concessions to labour are losses from the employer's point of view; many are, in fact, good investments, repaying the employer in better service, less friction and reduced expenses in other ways.

On the other hand, there must be a limit to what co-operative societies as employers can concede, otherwise they could still sell at the same prices and pay the same dividends on purchases, whatever the hours worked or wages paid. So, if it be admitted that co-operative societies can and should grant better conditions than private trade there still remain the questions: how much better can they afford

to make them, and who is going to ascertain the limit? Trade unions are accustomed, in dealing with private employers, to settle these questions by a trial of strength, and some of them in the past have not been above using threats and force to secure better terms from co-operative societies, even when co-operative conditions have already been superior to conditions elsewhere. Such a method is crude and wasteful, and common sense in both movements rejects it in favour of persuasion and conciliation, even though there be some force in the argument, first, that business managers require to be spurred by trade union action to find better systems of organising their business so as to be able to pay for better conditions, and second, that force is the only argument that some people will admit. At any rate, since these considerations cannot be generally applied to the Co-operative Movement, a union is not justified in demanding better conditions and refusing its help in bringing them to pass. Both these questions are, in the last analysis, matters of prices and costs, and if they are to be settled amicably and reasonably trade unions will need to study the business circumstances of co-operative societies more closely than they do now, and to collaborate actively in getting the best out of co-operative industry for both workers and consumers. Unless they are prepared to do so, their best policy will be to demand a single standard from co-operative and capitalist employers alike and leave co-operators to decide what special advantages co-operative employees shall enjoy. A further point remains to be noted. In certain trade union quarters, objection has been raised to giving special advantages to co-operative employees on the ground that they are thereby elevated into a privileged class. There is force in this objection if no pains are taken by either co-operators or trade unions to ensure that the employees are worthy of their privileges. But it is inevitable that if the Co-operative Movement is to progress and if it is to provide a working model of a better social and industrial order, co-operative labour conditions will be better than the rest, and that it will be a privilege to work for a co-operative organisation. Both movements have an interest in seeing that those who enjoy this privilege also realise their greater responsibilities, and earn it by their efficiency. At the same time, the force of competition will prevent co-operative hours and wages from being greatly different from those of the more efficient and progressive private businesses, and the privileges of co-operative employees will have to be sought in directions which do not directly affect working expenses.

Status of the Worker.

There is, for example, the question of the workers' status. Perhaps the best or only possible policy for the trade unions in dealing with capitalist employers is to concentrate upon wages and hours, attempting to get the best bargain they can under the ordinary wage system. But need this be so in their dealings with the Co-operative Movement, more especially since the ordinary wage system has never satisfied co-operative principles? From time to time in the trade union

movement, arises a more or less vague and fitful demand for "workers' control." If the question is asked: "Workers' control of what?" the answer is as a rule only more vague. But within the Co-operative Movement for generations have existed more than one form of workers' control of industrial and commercial undertakings; and co-operators would be the last to claim that no new forms are possible, that all has been learnt that can be, and that fresh experiments should not be made. The charge is rightly levelled against the wage system that it converts the worker into a more or less passive "hand," that it tends to accentuate the separation between those who plan and direct and those who execute and obey, and that it thereby creates an irresponsible type of worker whose sole interest is in wages. Here, again, the co-operator can scarcely blame either the individual worker or his union for declining to share responsibility for capitalist business. But co-operative business is not capitalistic; its aim is public service, not profit; and the very idea of Co-operation implies responsibility—the acknowledgment that rights imply duties. The Co-operative Movement will not be well served by people who regard themselves as wage slaves. In short, the Co-operative Movement is the proper field in which the moral elevation of the worker should be studied, in which experiments should be made with new forms of discipline and of workers' control of what is the workers' proper concern, namely, work and its execution. Co-operators, however much they may desire, cannot proceed far with any such experiments without at least the consent of the trade unions. It is certain that they could go much further and achieve much greater success if they had not merely their consent but their active interest and collaboration. Trade unions are justifiably suspicious of certain forms of "scientific management," regarding them as new methods of exploitation. But if there is a false, there is no less a true, scientific management, a proper technique of handling the human factor in industry which it is the organised workers' business to develop in workplaces from which the desire to exploit for profit is absent. By taking part in experiments of this kind, instead of leaving most of them to the more enlightened type of private capitalists, the trade unions would not only help the Co-operative Movement to a greater efficiency, but arrive at a clearer conception of some of their own ideals.

Co-operation and the Class Struggle.

Finally, there is the relation of the Co-operative Movement to that perennial contest between organised labour and organised capital which is sometimes called "the class war." It has already been pointed out that co-operators cannot be indifferent to the ebb and flow of that contest. They must desire that organised labour shall wrest from capital an ever larger share of the products of industry. They may even bring the organised power of their Movement to the assistance of the trade unions in a given crisis. No co-operator regrets the help given to the Dublin dockers in 1913 or the railwaymen in 1919. Yet there are limits to the extent to which the Co-operative Movement can or ought

to assist organised labour in the latter's campaigns against capitalism. These limits are set by the Co-operative Movement's mission and its resources. Fundamentally, Co-operation is not a weapon in the class war, and ought not to be used as such. From one point of view it is not concerned with the class war, for it is a new social order in which the economic division between capitalist and worker has ceased to exist. In other words, the Movement's mission is to organise economic peace, and to that end all its resources should be devoted. From this point of view, although the Movement consists almost entirely of working people, it is ambiguous to describe it as a working-class movement, and definitely incorrect to regard it merely as one aspect of the uprising of the wage-earning class. From this it follows that the Movement must always remain open to all men and women who accept its principles, irrespective of class, that it must not allow itself to be subjected to any other organisation, no matter how nearly allied, or to accept any aims or policy not based on its own principles. The Co-operative Movement must be prepared to contribute to the solution of the social problem in complete independence by its own development. It follows, also, that the character and the extent of the assistance which the Movement gives to organised labour must depend on whether the ends in view are in line with the Movement's ultimate purpose. The Co-operative Movement cannot afford, beyond a certain limit, to disperse in an industrial struggle the hardly-won resources which it needs to extend its own economic system. The Movement's first responsibility is to its own members, and if trade unions desire greater assistance from the Movement in periods of crisis they must do more to build up its economic power, that is, its capital resources and control of the markets, in periods of comparative peace. In fact, in their capacity of consumers, trade unionists can do as much to advance their principles by the unobtrusive methods of buying exclusively co-operative products and placing their savings in co-operative societies, as by more spectacular frontal attacks on capitalism.

Nevertheless, so far from taking care to build up the Movement's economic strength and increase its competitive power against capitalism, trade unions have in the past, whether through bureaucratic rigidity or pure ignorance, failed to discriminate between co-operative and capitalist business. They have taken insufficient pains to ensure that in a widespread stoppage, co-operative business, upon which the food supply of their own members largely depends, is not thrown out of gear. To withdraw labour from co-operative societies, which are doing all the unions ask, merely for the sake of solidarity with workers who have grievances against private employers, is not merely sentimental but stupid. The right solidarity to aim at is not the narrower one of the union's membership but the wider one of all the well-disposed people enrolled in both movements. There seems no reason to expect that a guarantee of immunity from dislocation through sympathetic strikes, such as the so-called General Strike of 1926, could not be given by the trade unions to the Co-operative Movement, without surrendering

their right to withdraw labour from co-operative service if they considered co-operators to be at fault. The foregoing complaint, like most of the contentions which occur between the two movements, arises because of the failure in the past and the present to prefer the long and broad to the short and narrow views. Unless the trade unions look forward to an eternity of capitalism and an everlasting class war they must see in Co-operation the realisation of their ideal aims, and treat co-operative societies as components of that Co-operative Commonwealth in which the trade union will necessarily have widely different functions from its present ones. Co-operators, on the other hand, need to enlist the active collaboration of the trade unions in order that they may solve in the industrial sphere one of the most vital and most difficult of their present problems, the reconciliation of the interests of producers and consumers. In short, however necessary may be a fighting alliance of the two Movements against capitalism, it is even more important in the long run that they should combine their forces for constructive work, and justify their criticism of the present industrial order by building a better.

CHAPTER XXXII.

CO-OPERATION AND CAPITALISM.

It is customary to call modern business organisation the capitalist system. Whether anything so wasteful and disorderly as modern business in the mass deserves to be called a system, may be a subject for hot debate, but most people will agree that the adjective "capitalist" is right, not only because its characteristic features are the employment of capital on a scale without precedent in the world's history, and the dominating position taken by the owner or temporary controller of capital, but because it is pervaded by the capitalistic spirit. The capitalistic spirit was aptly defined by a great economic historian as the desire for gain through investment. Very little of importance can be carried through in the world of to-day unless it offers someone prospects of a remunerative investment. This is true not only of every-day business, but of great national emergencies. No Government can wage war, even when a nation's independence is at stake, without offering favourable investments to capitalists. Under normal peace conditions, the business of Government requires continual recourse to the money market, which consists of persons and bodies corporate seeking opportunities to lend at interest. The capitalistic spirit clothes itself in many forms. Robert Owen pointed to one when he denounced buying cheap and selling dear for a money profit. Actually the capitalist may invest in land, or shares, or goods, but always he does so with the idea of receiving, in the shape of either a periodic income or a profit on the sale of his investment, something more than his original outlay.

This desire for gain is one of the mainsprings of modern progress. It was the chief driving force of the industrial revolution, and it has directed every important development of commerce and industry since, outside the field of co-operative and Government enterprise. Much that has been achieved by its agency no thinking citizen wishes undone. The researches of science which have increased the comfort of all classes of the people, have been made available largely because there were shrewd business men who saw how scientific inventions could be placed on the market at a profit. No reformer who proposes to give up the benefits brought by capitalist enterprise need expect a second hearing. Yet capitalism, it is not less clear, is also the source of many terrible evils in the modern world. More than any other influence it provokes struggles between classes, and wars between nations. It has increased the insecurity of the wage earner's livelihood and subjected him to the constant fear of unemployment. Its latest developments in the form of vast world-wide combines and trusts must arouse anxiety as a menace to popular Government and the freedom of the common man and woman. The consumers of Germany were handed over by a needy Government in return for a loan by the Swedish-American Match Trust, as a monopoly

to be exploited for 35 years, and this is but one notable example among many. Such is the magnitude of the power with which the Co-operative Movement, on its way to its fulfilment in a Co-operative Commonwealth, must meet and measure itself. How it will contend with it, and what terms it can make with it, it is the purpose of this chapter to discuss.

Resemblances between Co-operation and Capitalism.

It is sometimes asserted that the Co-operative Movement itself is an outgrowth of capitalism. While denying this for reasons to be stated later, we may admit that Co-operation may apparently have capitalistic features. Outwardly, there may be so little difference between co-operative societies and capitalist companies, that co-operative societies have often been legally constituted and registered as companies. Moreover, co-operative societies seem unable to develop without appealing to the gain spirit and the desire to profit by investment. They ask their members to take out shares and they pay interest on their share and loan capital. Several types of producers' societies make profits, and consumers' and producers' societies alike employ labour on the ordinary wage system just like any capitalist. Co-operators can afford to admit such facts as these, for they are not the whole story. They are to be explained by the fact that Co-operation in order to gain a footing in the business world must obey the laws of that world until it is strong enough to disregard them. A co-operative society cannot carry on business without capital, and its capital, to begin with, must almost always consist of the savings of its members. No co-operative principle is violated by paying a fair reward to those who provide capital, although by co-operative standards the market rate is not necessarily or always a fair price. But besides declining to pay the capitalist more than his just rate of interest, co-operators also deny him the controlling voice in their common concerns. This is the meaning of two rules which have been adopted by every genuine co-operative undertaking since the days of the Rochdale Pioneers. The first is that the rate of interest on capital is fixed, not variable, like that on the ordinary shares of a company, and fixed at a rate that seldom includes an element of profit. The second is that all persons have equal voting power. The man with 200 pence has one vote, and the man with £200 has no more. Moreover, in federations such as the Co-operative Union, the apportionment of voting power to societies according to their membership, simply represents an attempt to place their individual members more or less on an equality.

Again, in respect of profit, the resemblance between genuine co-operative societies and capitalist companies does not go very deep. Co-operative societies which, like the stores, are simply organisations for self-supply, do not make profits at all. Their surpluses are savings resulting from purchase in common. The surpluses of producers' organisations which sell on their members' behalf in the ordinary market are much more like commercial profits, but with this difference, that

they are not private profits. They do not belong to a single individual or to an exclusive group. If the societies are really co-operative, anyone who has a use for the service they render may join and share in their economies. He will not need to buy his way into the society as the investor has to buy his way into a capitalist company, often at several times the nominal value of the shares. Open membership prevents the shares of co-operative concerns from ever rising above par. It may be argued, further, that the surpluses of producers' organisations arise from a different kind of transaction from those which yield ordinary commercial profits. The surpluses of Co-operative Wheat Pools, for example, are not strictly comparable with the profits of the grain dealer or an elevator company, but like the surplus of the store, represent the saving due to the combination of a number of people who unite to organise for themselves a service previously carried on by individual enterprise for profit.

Finally, although most co-operative workers are employed under the wage system like the employees of capitalist concerns, important differences can be pointed out which in course of time are likely to grow greater rather than less. One point alone must suffice here. Altogether apart from self-governing workshops or co-partnership societies, which on principle give their workers a higher status than does capitalist enterprise, the Co-operative Movement affords a growing army of workers the opportunity of membership of the society which employs them. Capitalistic firms with employee shareholders are relatively few, and those in which the employees have an effective voice in management so rare as to be celebrated; but in the typical co-operative society to-day, the employees who are not members are either not old enough or unwilling to join, and those who are members enjoy the same rights as other members. Employees of federations such as the wholesale societies can become members of the retail societies of which they are composed and in that way take part in the organisation which employs them.

Differences between Co-operation and Capitalism.

Capitalistic methods, therefore, when employed by co-operative societies are found to be almost always subjected to limitations and safeguards, used for different purposes, and accompanied by practices which are not at all characteristic of capitalism. This fact is only to be explained by reference to the fundamental differences between co-operation and capitalism. In the first place, their aims and intentions are mutually opposed. Co-operative societies are founded where people who have common needs combine in order to supply them. The primary aim of a co-operative society is not to make money, but to furnish goods and services for its members. This is evident if we take stores or credit banks as examples, but no less true, if less obvious, if we take a creamery or an industrial productive society. The purpose of the creamery is to provide, for its members, scientific manufacture of the raw material they produce, coupled with more efficient marketing than they can

contrive as individuals. Similarly the members of a self-governing workshop or working men's productive society obtain the services of skilled management and organising ability which directs their labour to the most remunerative result. The aim of capitalist enterprise, on the other hand, is to make money by providing, not for oneself, but for other people, goods and services for which they are willing or can be made to pay. Under Co-operation money is the means; under Capitalism it is the end. The antagonism is expressed in the common saying: "Production for use, not for profit." Society is fortunate when some capitalists find that the best way of making profits is to be useful and serviceable to consumers, but its good fortune is of very uncertain duration.

From this fundamental difference of aim, spring other differences of principle and method. The services which co-operators require come under their control only if they combine. Separately they can effect nothing. Unity, therefore, becomes a matter of principle, loyalty to the society a cardinal virtue, and desertion a betrayal. And since co-operators adopt unity as a principle, they not merely unite in societies, but unite their societies in federations, and the federations themselves federate until the Movement is world-wide. For the capitalist, however, association is a matter of expediency. If it pays to combine with other capitalists, combination is his policy; if it pays better to play a lone hand, individualism is his policy. One of the chief causes of instability in capitalistic cartels and other combines in which firms are not amalgamated outright, is the tendency of firms or groups of firms to withdraw if they think they can gain more profit by so doing, or to yield to the temptation to cut prices or to sell more than their quota when a favourable chance occurs. The cartel system is commonly not a permanent success unless the cartel is given, by law, compulsory power over its members.

The limitation of the rate of interest on capital, points to another difference of principle between Co-operation and Capitalism. The reason why co-operators refuse the lender of capital anything more than bare interest is that they are endeavouring to find an equitable method of sharing the benefits derived from this business amongst all those who contribute to its success. The system of dividend according to purchases, which requires the limitation of interest on capital, became established because it satisfied the sense of justice of the majority of co-operators. The method of sharing profits between worker, customer, and capitalist in co-partnership societies, illustrates this concern for equity in another way. Under capitalism, the market price, whether of labour or of commodities, settled by the play of supply and demand, is assumed to be the fair price, and in sharing the product of industry the principle of justice is that of Thrasymachus in Plato's Republic, namely, "the will of the stronger." Select groups holding the ordinary shares in a company, having paid wages at the lowest rate to which they can beat trade unions down, or which the trade boards permit, and handed over to debenture or preference stock holders dividend at

fixed rates, retain the rest of the disposable profits for themselves. Liberality to customers or workers is not a matter of principle but of expediency. William Lever, the founder of the British Soap Trust, told one of the early Blandford Scholars that the co-partnership and other schemes by which his employees benefit were adopted not out of philanthropy, but because they paid.

Regard for the principle of equity amongst co-operators is reinforced by another. The obvious reason why in a co-operative society every member has one vote and only one, is that co-operators believe that in matters of government, the will of the members ought to prevail, and that no individual or minority within the society shall be entitled to withstand the majority or govern the common concern against the desire of the majority. Under a democratic system and with the public discussion that democracy entails, any section that is unjustly treated can voice its grievance, and by converting the majority to its view, obtain redress. Democracy is yet another idea that is a principle for co-operators, but not for capitalists. In the typical joint-stock company, not merely do the shareholders command votes according to the value of their shares, but the power to vote is confined to the holders of certain classes of shares. A single individual by owning a majority of the voting shares, may thus control the policy of a company in which thousands of investors and workers may be vitally concerned, and not merely of one company but of many. One further difference between Co-operation and Capitalism is of the first importance. Capitalism is dependent upon individual enterprise. People go into business or out of it on their own initiative, and run their business within the four corners of the law as they please, with a single eye to where and how most profit is to be made. Some business men admit their responsibility to those whose money they employ and whose labour they direct; but it is a kind of responsibility which is easily ignored by the unscrupulous and not easily brought home to those who do not admit it. Under Co-operation those who direct operations are not simply morally, but actually and legally, responsible to a society. They are neither autocrats nor anarchists. The authority which they wield is not assumed; it is lent to them when they are elected or appointed. They are stewards who have to render an account of their stewardship. Moreover, the sense of responsibility is still further diffused in every well-conducted co-operative society. The society's business will not be carried on solely for the benefit of those persons who happen at any given time to compose its membership. The society will give some consideration to the interests of the general public. If it is a store it will champion the general interests of all consumers, say, by competitive prices, rather than refrain from competition because some of its members favour high dividends. This sense of public responsibility which is a regular and familiar feature of Co-operation, makes co-operative business in truth a form of public service and flows naturally from co-operative principles. Under capitalism, public spirit must be continually at war with the gain spirit, and is not infrequently defeated.

Conflict between Co-operation and Capitalism.

It is upon the amount of freedom to be allowed to the gain spirit that Co-operation and Capitalism fundamentally differ. The desire of private profit which is the motive power of capitalist industry and trade is distrusted by co-operators. They recognise, of course, that every individual does, because he must, seek his own advantage, but maintain that it is better in the long run for both individual and society, that he should seek it in collaboration rather than competition with his fellows. As the Christian Socialists put it, co-operators believe in self-help but not in selfish help. They, therefore, organise their business on principles which limit the power of the gain spirit and direct it into channels where it will enrich, not impoverish society. The constant observance of such principles as have been briefly mentioned in the preceding section, forces Co-operation to break away from Capitalism and often to oppose it. These principles are in no sense a co-operative invention or monopoly. To a greater or lesser extent they are observed in every department of social life which is well organised. For that reason they cannot be treated as ideas spun in the brain of some Utopian thinker, for they are founded in experience and continually being reinforced by fresh experience. The co-operator desires to carry these principles to their logical end. He refuses to be content with democracy in politics only; he desires industrial democracy also. He wishes that all and not few matters of public concern shall be matters of public knowledge subject to public control. He is not content with such equity as the law establishes between individuals, he aims at bringing in the reign of social justice. He seeks to make abundant not only wealth, but all things which contribute to the good life. All these objects are summed up in the Owenite phrase "unrestrained co-operation for every purpose of social life." Co-operators, therefore, are not content to practise their principles within their own societies; they wish to have them accepted by the world at large. They are openly propagandist, and their Movement is a standing challenge to capitalist business, just as co-operative ideas form a criticism of capitalist economics. In particular, co-operators contest the special plea of business to be conducted without concern for principles. Principles which people readily recognise in politics or in private morals they set aside in business. The saying "business is business" is continually used to extenuate unfair or anti-social practices which no one can defend. But a society which thus accepts two standards of right and wrong—a business morality from Monday to Saturday, and a Christian morality for Sunday—is sure to be distracted by internal strife as ours is, and will meet with disaster, as ours did in 1914, and the world slump in 1929, from which it can only be rescued by appalling sacrifices.

Fortunately, perhaps, the co-operator has not to wait until the public perceives the differences between co-operative and capitalistic ideas. First and last, Co-operation yields tangible results, and the Movement wins adherents by successful competition with capitalist enterprise. Even if its principles prevent it from taking short cuts

to cheapness such as sweating labour, they open up on the other hand, possibilities of economic efficiency unattainable by capitalism. "It is because the stores organise and manage distribution in a superior way," wrote Professor Fay, "because they are within their sphere more efficient agents of production, that they can reduce the expenses of distribution and production and realise a greater net surplus than is possible for the ordinary grocer and baker." Elsewhere the same authority speaks of the store possessing "an absolute superiority over *any form of non-co-operative organisation.*" These advantages, all derived from the fact that it unites the consumers, enables the store in time to attract more and more of the private traders' customers. The Co-operative Movement is thus continually eating into capitalist business. First attacking capitalism in the retail, the final market, co-operators proceed to organise wholesale trade and manufactures until in some countries they have become the largest producers and distributors of many necessaries of life. When it has emerged from its early stages, the Co-operative Movement is seen to grow by buying out large private businesses as going concerns and gaining control of others by acquiring a majority of the shares. In so far as it is able to permeate Capitalism it can order industry according to its own principles. The Movement thus tends to diminish the power and authority of the capitalist and private enterpriser by setting consumers, and producers also, free from dependence upon them, and making them masters of their own economic destinies. The stores displace the private baker, the wholesale societies the private miller, and the Wheat Pools the grain dealer and speculator. The logical end of all this is clear. If all consumers and producers were co-operators, loyal to their organisations, and closely linked together, the capitalist would be no longer master because he would be superfluous.

Capitalist Competition and Combination.

Within the lifetime of the Co-operative Movement a marked change has come over the capitalist system, which has been developing all the time along its own lines. In the Movement's early days, private trade was generally, and often fiercely, competitive. The severe competition which was the usual pretext for under-paying or over-working labour and restricting its demand for a higher standard of living, often did exist. The business world was grossly and crudely individualistic, for it consisted, before the days of joint-stock companies, of small partnerships and firms with a single proprietor. This was regarded as the natural and normal state of business, and economists did not fail to point out how competition acted as the regulator of the economic system, protecting consumers against extortionate prices, bringing profits to a minimum, and equalising earnings. Co-operators, however, considered that the damage done to society by conducting business as a mad scramble for profits greatly outweighed the benefits of competition, which they condemned on moral as well as economic grounds. Kingsley, for example, scathingly compared competitive

business to the behaviour of pigs round a trough. Yet even in the heyday of competition, there were limits to business firms' willingness to cut one another's throats. A certain loyalty to others in the same trade, a sentiment of live and let live, restrained them. When it became clear that the desire to sell as much as possible led inevitably to over-production and slumps in prices from which all suffered and no one profited, this trade loyalty was able to assert itself, and when competition by eliminating the weakest, had reduced the surviving firms to a manageable number, agreement became possible, and in due time price rings and other forms of combine made their appearance. In one industry after another, competition was more or less effectively suppressed, sometimes by agreement between all the important firms, sometimes, where men of outstanding organising ability appeared, by grouping a number of businesses under one control through exchange of shares, interlocking directorates, outright amalgamation, or other devices to which joint-stock lends itself. Competition ceased to be continuous and became intermittent, breaking out in fierce but short spasms when the big business groups failed to agree. Thus grew up the colossal trusts and combines which to-day divide the world's market amongst themselves. Although they exploit the co-operative principle of association, the Co-operative Movement opposes them as resolutely as it formerly opposed free competition, because they represent profit-seeking in new and subtler forms, because they make matters of public moment the subject of secret bargains between anonymous financial interests, and because they stand for a concentration of economic power that mocks every attempt to establish democratic Government. Even a "benevolent" trust that gave consumers value for money and treated its employees with generosity would, for these reasons, be intolerable to co-operators; and where the Co-operative Movement finds a monopoly exploited by a trust, it must break it as soon as it can organise effective competition.

Co-operators are not hostile to the big business of modern times simply because it is big. They have themselves built up big businesses and make them still bigger. They oppose it because it diverts society's economic power to private ends, and because it is accompanied by new forms of economic waste. Trustification, it is sometimes claimed, possesses greater economic efficiency than unrestrained competition. Steadier prices, better adjustment of supply to demand, more regular employment, a better product through the combination of many patents, a more complete utilisation of by-products, the purchase of raw materials at lower prices, and less costly sales organisation, are all put forward as advantages of business combination. Certainly they are all possible. Yet we may hesitate to pronounce in favour of the trusts. Very often, unless there happens to be competition actual or threatened, these economic advantages are intercepted by the trust, and fail to reach the consumer. In any event, the trust's criterion of increased efficiency, the size of its net profits, is not the community's. Again there are notorious disadvantages with which the trusts must be debited. Lacking

the spur of competition they are likely to grow sluggish and lose their efficiency. They have been known to inflate their capital, increasing the claims of their shareholders on the products of industry, without increasing their output correspondingly. They are much more inclined to restrict production than to expand it, and can thrive on scarcity as well as on abundance. Indeed, they create scarcity by shutting down what they consider to be superfluous factories, and, by turning away the workers, contribute to the unemployment problem that perturbs most of the great industrial nations. Whereas the economic waste *of the competitive system chiefly took the form of duplicated services* and unutilised products, the economic waste of capitalistic combination consists of armies of idle workmen and plant producing only a fraction of its capacity.

Now while taking note of the folly of a system of producing wealth that simply serves to perpetuate poverty, and rejecting the aims and spirit of capitalism, co-operators must learn many lessons from the capitalists. The great merit of capitalism at its best is business efficiency. This is perhaps the one reason why it is tolerated. Co-operators may recognise that business efficiency is a good thing without agreeing with the means adopted and the sacrifices made by the capitalist to secure it. Co-operators cannot adopt technical methods that conflict with their own principles, but there are at all times many *technical ideas that they can take from the multiple shop, the great* private store, and the manufacturing combine and adapt to their own organisation. Adding these to the economic advantages peculiar to Co-operation, they may in time become able to build up a system of business superior to capitalism which will attract to itself the mass of the world's spending power. Imposing as the wealth in capitalist hands appears, its value depends on the demand of consumers. The value of the capital of the vast Unilever combine is all derived from the packets of margarine and bars of soap bought every day by millions of housewives, and whoever can induce those housewives to alter their method of spending is the trust's master. It is because the Co-operative Movement has shown that it can influence consumers in their spending that it may hope to continue growing, to sap the foundations of capitalistic economic power, and ultimately to govern the world as capitalism does to-day.

CHAPTER XXXIII.

CONCLUSION.

In earlier chapters we have surveyed the progress of the Co-operative Movement from its inception, and have noticed some of the problems and difficulties it has met and some which still face it. It has been necessary to omit reference to some incidents in the Movement's history which may be thought important by some students and other readers, and indeed are important; but consideration of the needs which we set out to satisfy called for the elimination of the less important in order to permit adequate description of the more important events in the lengthening story of Co-operation's achievements.

Measured statistically, the progress of the Movement as revealed in earlier chapters has been astounding. That progress has been steady and continuous rather than spectacular; but, like the oak tree whose annual growth is scarcely noticeable, growth has brought sturdiness, and that growth continues.

Co-operative Movement in the Modern World.

To-day, the Movement operates in an environment very different from that in which it first operated. It was at first a social experiment unnoticed by all but a few. Difficulties and opposition it certainly had to face; but they were largely internal difficulties that could be overcome by the loyalty of its members. Shopkeepers who felt the competition of local societies might oppose it; but big business and the financial world had little to say against it; they knew little or nothing of it. To-day, when its membership represents more than one-half of Great Britain's population, whose purchases from its shops represent at least 15 per cent of the country's retail trade in some commodities, and a larger percentage in others, when its purchases in the world's markets make an appreciable difference to price levels, and its use of certain raw materials interferes with monopoly control by private interests, large-scale business and the world of finance as well as the retail trader take notice of it, and range themselves in opposition to it.

Sooner or later, the struggle between the Co-operative Movement seeking to expand, and capitalistic enterprise affected on the one hand by the growth of the Movement, and on the other by the slower growth of population limiting its market, is bound to become more acute. When that more acute stage is reached, the Movement cannot fail if its members are loyal to the principles for which the Movement stands. But much will depend upon the quality of the membership, and particularly that of the leaders of the Movement. The Movement

has great ideals, and these ideals play a part in securing the economic success of the Movement; but they are not a substitute for business efficiency nor do they clash with it. Given business efficiency and an understanding and loyal membership, the future can be faced without misgivings. But it is necessary that attention be paid to increasing both loyalty and efficiency. This necessitates the paying of even more attention to education than it has hitherto received, and before it is too late. The efficiency of the Movement's educational work must likewise be increased; large developments are called for and greater financial resources are needed for the full accomplishment of the Movement's educational tasks; but even if viewed as an insurance premium for ensuring the Movement's future as an economic organisation the cost would be justified.

Co-operative Movement and the State.

The education of leaders and rank-and-file members is also necessary for other reasons. More and more in recent years, governments have passed legislation which cramps, confines, and penalises the Movement, besides limiting its development. To-day, co-operative societies are not allowed to pay a dividend to those of their members who utilise co-operative transport services, although a surplus may result from operating these services as a consequence of charging prices which are fixed by an outside authority. It is true the surplus goes into the general surplus of their society, but the preventive legislation is an interference with the Movement's freedom to fix prices in the interest of consumers and to use its surpluses in the way co-operators think desirable; and the principle of interference, once established, can receive extended application* until the Movement's freedom and its ability to serve the consumer's interest will be a thing of the past. Marketing boards, usually representative solely of the producers of a commodity, fix prices and control the sale of that commodity; they find a place in their scheme of control for existing producers, but make no provision for the expansion of the Co-operative Movement. Quotas applied to imports are intended to raise the price of commodities in the interest of home producers, but impose a burden upon the consumer without necessarily helping the producer; and they interfere with the development of international co-operation. Subsidies granted to assist the production and sale of home-grown produce impose burdens upon the consumer, either directly in higher prices or indirectly in higher taxation. The menace to the Co-operative Movement to-day is not merely the self-constituted trust or other monopoly; but a monopoly promoted or protected, or both, by the government of the day. The education of co-operators is more than ever necessary in the light of these changes.

* Strenuous efforts have been made, and continue to be made, under the Milk Marketing Board, to prevent co-operative societies paying dividend to their members on their milk purchases. And the price of milk sold to these members is not determined by the societies but by the Milk Marketing Board representing producers' interests.

The new situation also calls for new measures that were not contemplated by early co-operators. Even the loyalty of the members of the local society in purchasing a commodity cannot now create the possibility of the society or the wholesale society producing that commodity or selling it at a price fixed in the consumer's interest, if legislation prevents it. But governments can only exist when they are supported by Parliament; and the constitution of any House of Commons depends upon the votes of the electorate. The present policy regarding tariffs, quotas, subsidies, and marketing can be altered by altering the constitution of the House of Commons. Hence, co-operators in their own interest as co-operators have to be politically minded, and carry their loyalty into the polling booth as well as into the co-operative shop. The imposition in 1933, of Income Tax upon that portion of co-operative societies' surpluses not employed in providing services for members or distributed as dividend, was justification sufficient for this statement. The other legislation we have quoted strengthens the justification. In this matter, too, education of the rank-and-file is the only sound remedy, for wise political action depends upon knowledge and understanding.

The Co-operative State.

Again, co-operators have to be brought to realise that co-operative citizenship differs from citizenship in a capitalistic state, because its objects and its methods are different; and it is the job of the co-operative teacher to create this realisation. Lord Rosebery once said that the Co-operative Movement was no less than a State within a State. The zealous co-operator will not rest content until the inner State has expanded so far that its boundaries coincide with the larger State, and co-operative principles and methods are applied throughout its whole area.

To secure this desirable end those who are outside the Co-operative Movement must be brought within it. They will need convincing; and they will have to be convinced not merely by the efficiency of co-operative business—important though that will be—but by the superior results which follow the application of co-operative principles. The events of the war years and post-war years should assist in convincing them. The record of the Co-operative Movement during the war years in keeping down prices and in protecting the consumer brings out clearly its services to the community; its record as an employer during the post-war years, when unemployment has been widespread and wage reductions heavy and numerous,* proves it to have contributed substantially to stability of employment and an improvement of labour conditions, including an increase of real wages;

* Records show that employment has been more regular than in the outside world, and that employment was found for 270,697 persons in 1933, compared with 148,264 in 1914, and 164,383 in 1918, whilst the average wage per employee (men, women, and young persons) was £129 in 1933, compared with £62 in 1914, when the working week was longer, and when pensions and other benefits now enjoyed by the workers did not exist.

it stands for peace; and the co-operation between nations for the reduction of armaments and the maintenance of peace which is so widely advocated to-day is but an extended application of the principles which co-operators have adopted in all their activities. And at all times the doors of membership of co-operative societies have been freely open to all, enabling new members to enjoy the accumulated wealth of past effort on equal terms with existing members. Such a record and basis of organisation must appeal to the right-thinking citizen who finds himself bewildered in a world in which national selfishness rules in international relationships and individual selfishness within each nation.

Co-operation offers the only sound basis for national and international reconstruction; and with such a good case the propagandist has every ground for expecting a good result from his efforts.

What is the Object?

But where does all this co-operative activity lead? What is the goal for which co-operators are aiming? Is it merely a more efficient economic system? It is that; but it is something more. Is it a more satisfying economic system because it is more moral and because it solves most of the present-day problems of industry and commerce? It is that; but it is something more, for Co-operation has other aims than economic ones. The earnest co-operator seeks to apply co-operative methods to all purposes of social life, and does so because he believes that in working with others for the common good, man's highest qualities are enlisted and developed; and in the employment and development of these qualities the man himself becomes a better man, and the quality of the human race is improved.

APPENDIX I.

Extracts from the Report of the First Co-operative Congress, held in Manchester, May 26th and 27th, 1831.

After other resolutions; then, after considerable discussion, moved by Mr. William Carson (of Pemberton, Lancashire), seconded by Mr. William Pare (Birmingham), resolved unanimously: III. "That this Congress considers it expedient to establish, as soon as possible, various wholesale trading companies, formed by unions of co-operative societies, and conveniently situated at the various seaports in the United Kingdom, in order to purchase and sell every article of general consumption, at the lowest possible price, for the benefit of such societies forming such companies; and also to encourage and promote the sale and exchange of co-operative manufacture and other produce."

Moved by Robert Owen, Esq. (of London), seconded by Mr. George Mountford (of Burslem, Staffordshire), resolved unanimously: IV. "That a society be now formed in Liverpool called the 'North-West of England United Co-operative Company,' and that the following be the laws and regulations of that said company." (See page 366).

Moved by Mr. Elijah Dixon (of Manchester), seconded by Mr. James Cox (of Manchester), resolved unanimously: V. "That the operations of the company commence at Liverpool on the first day of August next, or as soon afterwards as the subscriptions shall amount to £500; and that 14 days' notice of its commencement shall be given by circular and advertisement."

Moved by John Skevington (of Loughborough), seconded by Mr. George Gaskill (of Kendal), resolved unanimously: VI. "That the following gentlemen be elected for the year ensuing, viz.:—Mr. John Dixon, Chester, president; Robert Owen, Esq., London; Henry McCormac, M.D., Belfast; Mr. John Finch, Liverpool; Mr. William Pare, Birmingham; Mr. Joseph Smith, Manchester; Mr. Thomas Hurst, Huddersfield; William Thompson, Esq., Cork; Rev. Joseph Marriott, Warrington; Mr. John Buckley, Leicester; Mr. William Carson, Pemberton, Lancashire; Mr. George Mountford, Burslem, Staffs.; Mr. James Cox, Manchester."

After a long and interesting discussion on the propriety and practicability of taking immediate steps to form a co-operative community in England, in which a great portion of the delegates took part, it was resolved unanimously, on the motion of Mr. William Pare (of Birmingham), seconded by Mr. Elijah Dixon (of Manchester): VII. "That this Congress considers it highly desirable that a community on the principle of 'mutual co-operation, united possessions, and equality of exertions, and of the means of enjoyment,' should be established in England as speedily as possible, in order to show the practicability of the co-operative scheme; and further it is the opinion of this Congress

that such communities may be formed by the means recently suggested by the 'First Birmingham Co-operative Society,' contained in the following resolution of that society and published in Carpenter's political letter, April 30th, 1831: 'That this society, fully sensible of the great advantages that would result from the speedy formation of an incipient co-operative community, upon the plan laid down by Mr. William Thompson, will make immediate application to 199 other co-operative societies, in order to obtain their concurrence to the project of electing a member for each society, and supplying him in such a manner as they shall deem best with the sum of £30, in order that an incipient community of 200 persons, with a capital of £6,000, may immediately be formed in some part of England.'"

Moved by William Thompson, Esq. (of Cork), seconded by Robert Owen, Esq. (of London), resolved: VIII. "That subscriptions of £3 deposits, on shares of £30 each, for the purpose of forming a community on the basis and plans contained in the foregoing resolutions, be received by the president of the trustees of the 'N.-W. of England United Co-operative Company' (Mr. John Dixon, Courant Office, Chester), from the Trading Fund Associations, or from individuals wishing to join the community; and that as soon as 200 shares are engaged, the said president shall call a meeting, where he may deem it most convenient to the majority of the members, to proceed with the formation of such a community."

Laws for the Government of the "North-West of England United Co-operative Company."

The objects of this company are: 1st, to raise a capital, by contributions and loans from the different co-operative societies in connection with it, for the purpose of furnishing and stocking a wholesale warehouse in Liverpool, from which they may be supplied at the shortest notice, with the various articles dealt in, and consumed by each, of the best quality and on the lowest terms. 2nd: To promote the sale and exchange of all articles of co-operative manufacture. 3rd: Firmly to unite all the societies in this part of the kingdom into one body, for mutual protection and advantage, for the interchange of kind offices and benevolent actions.

Terms of Admission.—1st: Societies wishing to become members of this company must previously send a copy of their laws for the inspection of the president and officers,* and if they be founded upon united capital and labour and their ultimate objects be union of property, and equality of rights and means of enjoyment, or as much of these as may be satisfactory to them, such societies shall be admitted into the company on acceding to its laws and paying an equitable sum to its funds. 2nd: Each society shall contribute to the funds of this company in the proportion of £20 for every hundred members; and it is desirable

* Address (post paid) to Mr. John Dixon, Courant Office, Chester.

that this money should be raised immediately by all those who can do it, but societies not in a condition to do so, will be allowed to pay 5s. in the £ on admission, and the remainder within twelve months.

Privileges.—All societies forming part of this company shall be charged 1 per cent for their purchases; other co-operative societies 1½ per cent; and other persons the same charges made by wholesale dealers.

Trustees.—1st: 13 trustees shall be appointed annually by delegates representing the societies forming this company. 2nd: The trustees having appointed their president or chairman, shall choose the officers of the company at such salaries as they may think fit. One of the trustees shall visit the establishment at Liverpool once in three months, on a market day, which day he shall devote to the business of the company. He shall examine all the accounts for the past week, sign cheques for the payment of moneys, &c. He shall also inspect the conduct of the agent and the secretary, and shall report thereon during the week to the president. The travelling expenses only of the trustees shall be paid by the company. The trustees shall keep all bonds and valuable documents in their custody through their bankers.

Agent.—1st: The agent shall act under the direction of the trustees, and shall be continued in office as long as his conduct gives satisfaction to them; he must give good and sufficient security for the property entrusted in his care; must not be a member of any society belonging to the company after his appointment, or engage in any business for himself or any other person during his agency, but must consider himself entirely the servant of the trustees, and be responsible for all persons employed as assistants. He shall see that all orders are properly and promptly attended to, and in all his dealings with merchants endeavour to exchange co-operative manufactures and produce. 2nd: The agent will not be allowed to receive a fee from any person, as his salary will be considered full compensation for all and every service he may perform.

Secretary.—The secretary shall be a person of good address and capable of keeping his accounts in an office-like manner; he shall also act under the direction of the trustees. He must not be a member of any society during his continuation in office, and shall be able to give a good and sufficient security.

Banker.—A respectable banker shall be appointed by the trustees; and all moneys sent for goods shall be paid into his hands. All cheques on the bank shall be signed by one trustee, the agent and secretary.

Mode of Trading.—Every society shall send with its orders to the agent sufficient money to the company's banker to cover the same, as, until the credit of the company is established, all business must be done for cash in advance.

Disposal of Funds.—A retail shop shall be opened as soon as convenient, in connection with the wholesale warehouse, and the surplus

profits arising from the whole concern shall be applied to the purpose of forming a co-operative community, or to such other purpose as shall be agreed upon by the delegates, from societies forming the company, at their half-yearly meetings.

Auditing Accounts.—The accounts of the company shall be made up to the 25th March, and on the 25th of September in every succeeding year by an accountant, and a general statement of the affairs, audited by the president of the trustees, shall be presented to delegates at their meetings.

Meetings of Delegates.—Delegates from the societies forming the company shall assemble at the General Co-operative Congress, to be held on the first Tuesday in the months of April and October, in each succeeding year, and shall then have power to determine upon all rules and regulations affecting this company; and their decisions and determinations shall be binding until the next General Congress, upon all the societies constituting the company and the officers connected therewith.

Address Drafted by William Pare.

The co-operative delegates, in Congress assembled, to the numerous societies throughout the United Kingdom—greeting.

Your delegates cannot separate from this, their first meeting of Congress, without briefly addressing you.

Your delegates have assembled here at the invitation of the "Manchester Association for the Spread of the Principles and Practice of Co-operation," and they are convinced that great benefits will result to the cause from this and like assemblies.

The truth of the maxim, "Union is Strength" and "Knowledge is Power" is too apparent, and too universally acknowledged in the present day, to require any comment. Indeed, a considerable number of the working classes have, within the last three years, successfully exemplified these truths by the formation of numerous associations for the improvement of their physical, moral, and intellectual condition, and thus have they collectively acquired a power to which, in their individual capacity, they would have ever remained strangers. Something more, however, still remained to be done—it became further necessary to effect a union of society, in order to bring together the intelligence, zeal, experience, and pecuniary power of each, and to concentrate them on the great object at which all are aiming. This union of societies is now happily effected by this Congress, and there can be no doubt that the most beneficial results will be found to emanate therefrom.

Your delegates have applied themselves with great diligence to the consideration of the important matters submitted to their consideration, in the circular by which they were convened. Aware of the many difficulties that have beset the Co-operative Trading Fund

Associations, in consequence of their limited capital, whereby they have been compelled to purchase their goods at second or third hand, after a considerable tax has been imposed upon them, in the shape of profits, instead of obtaining them direct from the importer or manufacturer, your delegates have endeavoured to devise a sufficient remedy for this evil.

This they imagine will be found in the establishment of "Wholesale trading companies" formed by the union of a sufficient number of co-operative societies, to make them effective and superintended by well experienced and trusty agents. With a view to exhibit the benefits which would accrue from the establishment of such companies, your delegates have, by their fourth resolution, taken steps for the speedy formation of one at Liverpool, as a model which will be effected by the united efforts of societies in Lancashire, Cheshire, Westmorland, Cumberland, and some parts of Yorkshire, Staffordshire, Shropshire, and Warwickshire; and they trust this will lead to the formation of others, at Hull for the North-Eastern Counties, London for the South and South-East, and Bristol for the South-West. One great advantage will accrue from these stations, affording as they will depots for the exchange of co-operative produce amongst the co-operators themselves. They are at the present moment sufficiently numerous, and their trades and occupations sufficiently diversified, to enable them to supply each other with all the necessaries and many of the comforts of life, and nothing is wanted for this purpose but a well-organised plan whereby they may readily interchange the products of their labour.

Your delegates will conclude this part of their address by making an earnest call upon all those societies whose proximity of situation, and whose conditions in other respects, will allow them to come forward and assist in the establishing and supporting this wholesale warehouse in Liverpool, and in a little time they will, doubtless, reap a large reward.

Your delegates, having completed these arrangements proceeded to the consideration of the most pleasing, but perhaps most difficult part of their business, viz., to devise some plan for the speedy and successful formation of a co-operative community.

Let it ever be remembered that trading fund associations are only stepping stones to communities of mutual co-operation. They are only the means to an end, which end should be constantly kept in view. Co-operation seeks to put the working classes in that situation, where they shall enjoy the whole produce of their labour, instead of that small part called "wages." This can be done only by the establishment of communities. Here the hand of the diligent will, indeed, make rich. Here the hope, nay, the certainty, of reward will sweeten labour.

It will be seen by the seventh resolution that your delegates have approved the plan suggested by the "First Birmingham Co-operative Society," as the one, in their opinion, best calculated to bring about the speedy formation of a company which shall serve as a model for the establishment of others in the kingdom.

Your delegates look forward with considerable pleasure to the next assembly of Congress, which is to take place in Birmingham, in the month of October next, which they trust will be numerously attended; and also to the future meetings of this important body, which, if they mistake not, are destined to occupy a large share of public attention. They will show to the world that the working classes are not only able, but are fully determined, to follow the advice of Mr. (now Sir Robert) Peel, and "take the management of their affairs into their own hands."

The evils with which society is affected lie much deeper than is generally imagined; and after the passing of the Reform Bill, which now almost exclusively engrosses the public mind, and in which your delegates feel a sympathy commensurate with its importance, it will become the paramount duty of the co-operatives to step forward and point out what those evils are, and what are their remedies. They must call the attention of their fellow countrymen to the system and plan they advocate, which are adapted not merely to effect a partial and temporary amelioration of the condition of the suffering millions, but which aim at the entire eradication of the causes that have engendered the mass of misery which surrounds them, and the adoption of such arrangements as shall speedily place the population of these realms in a state of comfort and happiness, hitherto falsely considered unattainable.

In conclusion, your delegates congratulate you on the rapid progress which the principles of Co-operation are making, not only in the British Isles, but in France, Belgium, America, and even India. The editors of the public Press, too, are at length beginning to turn their attention to the subject, and, as a proof of the estimation in which it is held by some of those talented individuals, your delegates cannot do better than conclude their address:—

"Of all the projects for raising the workmen from the fear of pauperism, from the danger of crime, and from the misery of incessant ill-paid labour, or uncertain employments, none appears to us to be fraught with so many advantages and so few dangers as this. The system is rational, pious, and beautiful. Nothing can exalt its merits as a theory, but its success in practice. We call then, upon the sensible industrious, and prudent artisans of this district to ponder deeply what has been said respecting it, and we promise to renew the subject, so as afford the fullest and most complete information that can be obtained. It is the greatest and best cause that ever occupied the mind of man, for it is no other than the rescue of millions from present and future misery, and we will embrace it with a zeal such a cause demands.

ELIJAH DIXON,
JOSEPH MARRIOTT, } Chairmen.

Manchester, May 27th, 1831.

APPENDIX II.

The Rochdale Pioneers and their Wholesale Department.

Extract from Holyoake's History of the Rochdale Pioneers, pp. 124-127.

At a general meeting of members, held the following month, October 23rd, 1853, the first laws of the Wholesale were adopted. The terms in which they were expressed have interest now. They were as follows :—

1. The business of the society shall be divided into two departments, the wholesale and the retail.
2. The wholesale department shall be for the purpose of supplying those members who desire to have their goods in large quantities. (This seems something different from a central depot for other societies.—Ed.)
3. This department shall be managed by a committee of eight persons and three trustees of the society, who shall meet every Wednesday evening at half-past seven o'clock; they shall have the control of the buying and selling of such goods as are agreed upon by the Board of Directors to be kept in stock by that department. This committee shall be chosen at the quarterly meetings in April and October, four retiring alternately.
4. The said department shall be charged with interest after the rate of 5 per cent per annum, for such capital as may be advanced by the Board of Directors.
5. The profits arising from this department, after paying for the cost of management and other expenses, including interest aforesaid, shall be divided quarterly into three parts, one of which shall be reserved to meet any loss that may arise in the course of trade, until it shall equal the fixed stock required, and the remaining two-thirds shall be divided amongst the members in proportion to the amount of their purchases in the said department (leaving out the workers).*

*This plan bears resemblance to that Mr. L. Jones drew up, which probably the devisors had before them, as Mr. Smithies had once copied it out. Mr. Jones' plan divided profits into four parts, devoting one to the establishment of working men's association in connection with (the) co-operative (movement). The Rochdale plan drops this out and in other respects introduces local features and simplifications.

(Signed) JOHN COCKCROFT,
ABRAHAM GREENWOOD,
WILLIAM COOPER,
JAMES SMITHIES, Secretary.

Of course these rules had to be registered, and it is not until the first Board meeting in 1855 that any reference is made to them, which is done in these words :—Resolved, " That we now go on under the new laws." A quarterly meeting in February following confirmed this resolution. The next clear reference to the Wholesale of that day was in a minute of a quarterly meeting held April 2nd, 1855, appointing the following persons as a wholesale committee :—Thomas Hallows, Ed. Farrand, J. K. Clegg, Jonathan Crabtree, Jon. Aspden, James Meanock, Charles Clegg, and Ed. Holt. At the Board meeting held April 5th, 1855, the following minute was passed :—" That the Board meet the Wholesale Committee next Wednesday night, at half-past seven." The fluctuating fortunes of the earlier Wholesale experiments were many. In the minutes of the Board meeting held November 8th, 1855, it was resolved, " That a special meeting be called to take into consideration the propriety of altering the law relating to the Wholesale department." On December 17th, of the same year, the committee resolved, " That it is the opinion of the Board that the 15th, 16th, and 17th laws, relating to the Wholesale department ought to be repealed." At the ensuing quarterly meeting (January 7th, 1865), at which Mr. Abraham Greenwood was elected president, the seventh resolution is : " That the Wholesale department be continued " ; and a committee of seven was appointed to inquire into the grievances complained of in the present system of carrying on the wholesale department. The following persons constituted the committee :—Samuel Stott, John Morton, John Mitchell, Edward Farrand, John Nuttall, James Tweedale, and A. Howard. On March 3rd, 1856, the following were appointed delegates to attend a Wholesale Conference :—Abraham Hill, David Hill, Samuel Fielding, and William Ellis. No mention is made of the place where the conference was held, but the scheme of a new Wholesale Society appears to have been discussed there, for at the quarterly meeting held April 7th, 1856, the members passed the following resolution :—" That our delegates support the proposition of each member taking out four shares of £5 each for one representative, at the Wholesale Conference to be held on April 12th." At an adjourned meeting the report of the committee to inquire into certain grievances was accepted with thanks. At a general meeting held May 5th, 1856, the following persons were appointed on the Wholesale Committee :—Thomas Lord, Edward Lord, William Huddleston, and Jonathan Woolfenden. At the next Board meeting a committee appears to have been appointed to draw up rules for a Wholesale Society, but the names are not given. At the next quarterly meeting these rules appear to have been considered, as there is a resolution expunging the word suggest from Rule 25. The following resolution was also passed :—" That our society invest £1,500 in the North of England Wholesale Society." Mr. Jonathan Crabtree was appointed the representative. The earlier years in which the wholesale project was maturing will be of more interest hereafter than now.

On July 7th, 1856, there is a resolution of the quarterly meeting, empowering the delegates to the Wholesale Conference to support

the laws drawn up by the committee for a Wholesale Society, at the next delegate meeting to be held on July 12th, 1856. On September 4th, 1858, the Board gave Mr. Cooper authority "to collect the expenses incurred by the Wholesale from the various stores." On December 7th, 1857, the following persons were appointed a committee to inquire into the wholesale department:—William Diggle, Samuel Fielding, Matthew Ormerod, David Hill, and Edmund Hill. The report of this committee was presented to the quarterly meeting on January 4th, 1858, and it was decided "that the report be legibly written out and posted in some conspicuous place, to be read by the members, and reconsidered at next monthly meeting." The next resolution passed at the same meeting is, "that the laws relating to the Wholesale department be suspended for an indefinite period." The Board, at its meeting three days afterwards, decided that the resolution of the quarterly meeting respecting the wholesale department be carried out forthwith. One of the minutes at the adjourned quarterly meeting, held March 1st, 1857, is, "that the report of the committee appointed to inquire into the Wholesale department be not received."

At the conclusion of the ordinary business of the quarterly meeting, held April 5th, 1858, the meeting was made special for the purpose of rescinding the laws relating to the wholesale department, numbered 13, 14, 15, 16, and 17. The meeting does not appear to have done what it was called to do, however, for the decision it came to was: "That the Wholesale department be not altered." "The interpretation of this," Mr. Crabtree thinks, said Holyoake, "is that we will not kill the Rochdale Wholesale Department, but let it die quietly." "No further reference is made to it," continues Holyoake, "till March 7th, 1859, when a general meeting passed the following resolution:—'That the question of reopening the Wholesale department be postponed to an indefinite period.' This is the last reference the minutes contain to the wholesale in connection with the Equitable Pioneers' Society. In 1863, during the formation period of the North of England Society, delegates appear to have been regularly appointed at Rochdale to attend the meetings, and considerable interest was manifested."

APPENDIX III.

The Paper prepared by Abraham Greenwood, on The Establishment of a Wholesale Society.

Before proceeding to develop a scheme of a wholesale agency, permit me in the first place to glance at past efforts to accomplish the object we are this day met to discuss, viz., the desirability of aggregating the purchasing power of the co-operative stores, especially in Lancashire, Yorkshire, and adjoining counties.

The first attempt in this direction was made by the Christian Socialists, conspicuous amongst whom were Edward Vansittart Neale, Esq., Rev. F. D. Maurice, Rev. Charles Kingsley, J. M. Ludlow, Thomas Hughes, F. J. Furnivall, Joseph Woodin, and Lloyd Jones, Esquires. I am thus circumstantial in mentioning the names of these gentlemen, that their services in the early stages of the Co-operative Movement may be acknowledged; they not only wished well to, but aided nobly by their well-known talents, and no less by their pecuniary assistance to, the cause of true co-operation. They instituted the "Central Co-operative Agency" for the purpose of counteracting the system of adulteration and fraud prevailing in trade, and for supplying to co-operative stores a quality of goods that could be relied upon and in the highest state of purity. The agency did not prove a success, but had to be given up, entailing a great loss to its promoters. There is still a remnant of the agency left, known by the firm of "Woodin and Co., Sherborne Lane, London."

The second effort was made by the "Equitable Pioneers' Society" in 1852, by initiating a "Wholesale Department." This department was originated for supplying goods to its members in large quantities, and also with a view to supplying the co-operative stores of Lancashire and Yorkshire, whose small capital did not enable them to purchase in the best market, nor command the services of what is indispensable to any store, a good buyer, who knew the markets, what, how, and where to buy. The Pioneers' Society invited other stores to co-operate in carrying out practically the idea of a wholesale establishment, offering at the same time to find the necessary amount of capital for carrying on the wholesale business, for which the Pioneers' Society would charge this department at the rate of 5 per cent per annum. A few stores did join, but they never gave that hearty support necessary to make the scheme thoroughly successful. Notwithstanding this counteracting influence, the "Wholesale Department" from the beginning paid interest not only on capital, but dividends to the members trading in this department. Had all concerned in this affair displayed shrewdness

and persistence, the practicability of acting in concert in a matter of this kind would ere this have been demonstrated, and placed in the category of co-operative "facts."

However, after a time, the demon of all working-class movements hitherto—jealously—crept in here. The stores dealing in the wholesale department of the Pioneers' Society thought that it had some advantage over them; while, on the other side, a large number of the members of the Pioneers' Society imagined they were giving privileges to the other stores, which a due regard to their immediate interests did not warrant them in bestowing. My opinion is that, had there been no other causes of failure than those mentioned, the "Central Co-operative Agency" and the "Equitable Pioneers' Wholesale Department" must inevitably have failed, from their efforts being too soon in the order of co-operative development.

Failures have their lessons, and, if read aright, lead on to success. The world seldom or never calculates how much it is indebted to failure for ultimate success. "Failures are with heroic minds the stepping-stones to success." At school our children are taught the lesson, and it is one we should learn in the co-operative school, that :—

Once or twice, though we should fail,
Try again!
If we would at last prevail,
Try again!
If we strive 'tis no disgrace
Though we do not win the race,
What should we do in that case?
Try again!

An eminent philosophical writer has very appositely said with regard to failures: "It is far from being true, in the progress of knowledge, that after every failure we must recommence from the beginning. Every failure is a step to success, every detection of what is false directs us to what is true, every trial exhausts some tempting form of error. Not only so, but scarcely any attempt is entirely a failure; scarcely any theory, the result of steady thought, is altogether false; no tempting form of error is without some latent charm derived from truth." How often we hear men who never attempted anything for the good of their fellow-men taunt those who have with the failure of their efforts for the elevation of humanity. If failure does not command our admiration, it is very often entitled to our respect.

I have said that the "Central Co-operative Agency" and the "Pioneers' Wholesale Department" failed from being too soon in the order of co-operative development. Let us see if the progress of Co-operation now offers ample room for success.

There were in England, when the "Central Co-operative Agency" was established, not more than ten stores, and not more than 17 when the Rochdale Store established its "Wholesale Department." What a contrast—indicative of co-operative progress—these times present with those of 10 or 12 years ago! Now there are some hundreds of co-operative stores in the United Kingdom. In the June number of the *Co-operator* of last year there are enumerated upwards of 250 stores. There are in Lancashire, Yorkshire, and Cheshire alone 120 stores, numbering in the aggregate 40,000 members. 26 stores in the counties named did business to the amount of £800,000 in 1861. If we take the average weekly expenditure of the 40,000 members at 10s. each (this will be under the average) it will give an expenditure of £20,000 weekly, or an annual expenditure of £1,040,000.

No doubt from the statistics here given that the field for aggregative efforts has considerably expanded since the failures mentioned in the former part of this paper.

We have succeeded, too, in carrying through Parliament a measure affording facilities for, and sweeping away many legal impediments to, co-operative progress, enabling that to be done by direct sanction of law which had to be done previously by roundabout methods.

I will here place before the conference a calculation of the quantities of commodities of the kind named in the tables required to supply the 40,000 members of the co-operative stores in these Northern districts. The calculations are made on the data of goods actually sold in one quarter at the Rochdale Pioneers' Society. There are 3,500 members belonging to the Rochdale Store, and, as the average consumption of groceries, &c., is higher per member than at most stores, I may reasonably take it for granted that the demand at the Pioneers' Store will equal one-tenth of the demand of the 40,000 members.

One Quarter's Consumption of Groceries, &c., at the Rochdale Equitable Pioneers' Store*	One Quarter's Consumption of 40,000 Members *pro rata*
Coffee ..... 9,000 lb.	90,000 lb.
Tea ..... 7,736 lb.	77,360 lb.
Tobacco ..... 5,363 lb.	53,630 lb.
Snuff ..... 141 lb.	1,410 lb.
Pepper..... 316 lb.	3,160 lb.
Sugar ..... 1,819 cwt.	18,190 cwt.
Syrup and Treacle..... 520 cwt.	5,200 cwt.
Currants ..... 140 cwt.	1,400 cwt.
Butter ..... 932 cwt.	9,320 cwt.
Soap ..... 440 cwt.	4,400 cwt.

*This and the following table pretend not to be strictly correct to fractions, but sufficiently so for the purposes of this paper.

Now let us calculate, on the basis of the table given, what would be the weekly consumption of those articles named by the 40,000 members; also the weekly and yearly money value of the same.

Kind of Articles	One Week's Consumption	Weekly Money Value	Yearly Money Value
		£	£
Coffee	6,923 lb.	266	13,832
Tea	5,951 lb.	991	51,532
Tobacco	4,125 lb.	825	42,900
Snuff	108 lb.	22	1,144
Pepper	243 lb.	15	780
Sugar	1,400 cwt.	3,500	182,000
Syrup, &c.	400 cwt.	350	18,200
Currants	107 cwt.	160	8,320
Butter	717 cwt.	3,440	178,880
Soap	338 cwt.	524	27,248
*Totals	.....	10,093	524,836

*I have taken the prices paid by the Rochdale store, and adjusted them to something like an average.

There are mentioned in the tables several articles, any one of which would in itself be sufficient to make an agency profitable. The agency might at the beginning supply those articles only which there was a sure profit upon. It will be seen from the statistics given that the present state of our Movement will permit, and in fact warrants, a further step being taken in co-operative progress. The problem for solution is to hit upon a plan which shall suit the present spirit and intelligence of the great body of co-operators.

Gentlemen, I submit to your criticism a plan which, I think will meet the requirements of our purpose.

Plan.

The plan I propose is this: That an office be taken either at Liverpool or Manchester, as may be thought best suitable for the purpose. All stores joining the agency will be requested to act promptly in giving orders, and making remittances for goods to be bought on their account. Orders sent to the agency will be aggregated; the purchaser will then go to the markets, and there buy the quantity and quality of those articles required to supply the demand upon the agency. The purchaser, having bought, will give either printed or written directions to the houses from which the purchases are made to draft such number of tierces of sugar, puncheons of treacle, boxes of soap, boxes of candles, barrels of currants, and firkins of butter, &c., to the different stores on whose account they have been bought. On the plan of an agency there will be very little, if any, warehouse room required, and that little will be necessitated by very small stores not being able to purchase in bulk. Otherwise an office would amply suffice for the purposes of the agency. By far the greater portion of the goods bought will at once

be sent on to the stores ordering them, and, where there is plenty of room for warehousing, any quantity of goods they need should be kept in stock.

Each store will be left to determine for itself when and to what amount of commodities it is proper to purchase at any time. Many stores have already acquired the knowledge of "when to buy," and those stores that have not so learned, it will be one of the duties of the agency to keep them well advised upon that matter. If a store thought proper to speculate in any article supplied through the agency, it will do so at its own risk. Whereas if the wholesale affair be made a trading concern it will necessitate ultimately the centralisation of some £50,000 sterling, with all the liabilities and contingencies of a trading establishment. On the other hand, an agency will secure all the advantages expected to accrue from the "Wholesale Depot" without any of its risks.

I wish to advert to an instance where, to some extent, the plan here propounded is carried out. There is the Rochdale Pioneers' Society, with its nine grocery branches, all supplied and managed from the central store in Toad Lane. The transactions of the Rochdale Store with its branches are done in this way: The head shopman at each branch store makes out a list of requirements for his branch on a form provided for the purpose, and sends it to the central place of business; then the manager gives directions to the railway or canal companies where the goods are lying to send such and such quantities of articles specified to such and such branch store named on the delivery order.

Now the central store stands in the same relation to its branches as an agency would to the store joining it. It will be almost as easy to manage an agency as it is to carry on the concern named. The mode will be very similar, but the time in getting goods through the agency will be a trifle longer, and the transactions very much larger (but only requiring the same amount of labour to work the agency as it does to work the Rochdale Store with its branches).

We have another case in point, in the Rochdale Corn Mill Society, of the beneficial working of a wholesale establishment. There are 60 co-operative stores who belong to the corn mill, from which they take wholly or in part the flour required for supplying their members. This co-operative arrangement permits the business of corn grinding to be much more economically and profitably done than any single store could of itself accomplish. The absurdity would be no greater did each of the 60 stores on its individual account purchase grain to manufacture into flour, as it is for each store to buy groceries singly. In the case of the corn mill we have exemplified the strength and benefit of concerted operations; in the case of the stores acting singly we have weakness. Isolation is the opposite of real co-operation, which is the combining, consulting, and so acting together of good and true men as to bring about those ameliorative conditions which shall lead to

self-elevation by promoting the welfare of humanity, and a state "in which the good of the whole is tantamount to the highest kind of good for each."

It is indispensable to the well-working of any scheme, especially a co-operative one, that those who wish to be concerned should thoroughly understand the conditions upon which it is based, and their obligations relative thereto. A proper comprehension of the conditions and obligations at the commencement of this wholesale affair will obviate, in great degree, bickerings, ill-will, and regrets which often arise from want of a clear perception of the stipulations on which an undertaking is founded. People who conceive of an object different from what it really is, imagine themselves deceived, when the deception is not in the thing itself, but in their having conceived of the thing erroneously.

I respectfully submit to the conference a few stipulations on which an agency should be based.

Colligating Conditions.

1. That the good policy of dealing with and for ready money be strictly adhered to in all transactions of the agency.

I need not dwell on the necessity of this. It is one of the fundamental conditions of our success hitherto. One of the leading objects of Co-operation is to redeem the working classes from that state of indebtedness which has too long held them in a condition of slavishness.

2. That none but co-operative stores should be allowed to join the agency.

I do not like for my part that Co-operation be made a means of supporting the old system of shopkeeping. The sooner we can get the labouring classes out of their ancient mode of credit trading, the better for themselves in many ways. I have known shopkeepers take, and, in fact, are now taking, advantage of our co-operative arrangements for enabling them to maintain their position longer than they would otherwise be able to do against a better system. All co-operative efforts should tend exclusively for the promotion of genuine Co-operation. In saying this much allow me to disclaim any bad feeling towards the shopkeeping class. They have done the State some service, and my wish is that they may see the wisdom and propriety of transferring their small capitals to other investments, such as manufacturing companies, where they will command good interest, before their occupation is gone.

3. That each store joining the agency should pledge itself to deal exclusively with the agency in those articles which it supplies.

An agency cannot be carried on with thorough success if stores are allowed to go to and from the agency when they think proper. That would be a liberty incompatible with and jeopardise the existence of the agency. Kant has laid down a rule with regard to personal

conduct which applies no less to societies of men: "So act that the rule on which thou actest would admit of being adopted by all rational beings." All who join the agency must be prepared, if need be, to make some sacrifice; and not, because the thing does not succeed at once, to back out of it. The Rochdale Pioneers' Society and the Brickfield Store, near Rochdale, at the commencement of the Corn Mill Society, passed resolutions to purchase flour from no other place, or otherwise the corn mill would have gone down. In those two instances the obligation of dealing with a concern (their own) that it might be a success, I am glad to say, was perfectly understood.

4. That a small percentage be charged to each store as commission on the amount of business done through the agency.

Stores should be supplied through the agency at the cost price of an article, plus the small commission to cover the expenses of the agency. The purpose in this is to keep the transactions of the agency as simple as it will permit. It strikes me very forcibly that making profits in connection with a wholesale affair is a superfluous piece of work. It would be absurd to put profits on goods bought merely to divide them by way of dividend.

It will be wholesome to leave as much local action to the stores as possible, and to have as little as possible of centralisation. Hence I would not presume in this respect to put stores in a state of pupilage by doing that for them which they are capable of doing for themselves, viz., to make members of co-operative societies, almost in spite of themselves, accumulate capital. This is a function which properly belongs to each individual store, and not to a wholesale concern.

5. The necessary amount of capital for carrying on the agency shall be raised *pro rata* on the number of members belonging to the stores joining the agency.

The amount of capital per member will be determined, in a measure, by the number of co-operative stores that may join the agency. Say that in good times there will be fully 40,000 members of co-operative stores in the counties previously named, at 2s. 6d. each member, these will give a total capital of £5,000. This sum will be ample for carrying on an agency.

6. That the stores pay their own carriage.

Each store now pays the carriage of goods from the places where they are purchased, and the stores should bear a like relation to the agency as they do to the markets where they now purchase, thus keeping the business of the agency free from transit charges.

What are the benefits we may legitimately expect from a wholesale agency ?

1. Stores will be enabled through the agency to purchase more economically than heretofore by reaching the best markets.
2. Small stores and new stores are at once put in a good position by being placed directly (through the agency) in the best markets, thus enabling them to sell as cheap as any first-class shopkeeper.
3. As all stores will have the benefit of the best markets by means of the agency, it follows that dividends paid by the stores must be more equal than heretofore, and by the same means dividends will be considerably augmented.
4. Stores, especially large ones, will be able to carry on their business with less capital. Large stores will not, as now, be necessitated, in order to reach the minimum prices of the markets, to purchase goods they do not require for the immediate supply of their members.
5. Stores will be able to command the services of a good buyer, and will thus save a large amount of labour and expense by one purchaser buying for perhaps some 150 stores, while the great amount of blundering in purchasing at the commencement of a co-operative store will be obviated.

APPENDIX IV.

SOME EDUCATIONAL DEVELOPMENTS, 1886 to 1900.

The following items are taken from the Congress Reports of the years quoted :—

1886.

Ben Jones at Central Board Meeting suggests endowment of a Neale Scholarship on lines of the Hughes Scholarship for which the funds were being raised at that time. (Resolution moved in Congress and carried to institute the Scholarship).

Educational Committee of United Board given authority to print certain songs and dialogues received in a prize competition.

Prize Papers on Co-operative Education by Miss Sharp and Mr. J. H. Jones read at Congress.

Two grants (£25 and £10) made to Education Committee by United Board.

North-Western Section reports 1,778 students in Art, Science, and Language classes in 69 societies making a return. 198 newsrooms and libraries with 115,783 volumes.

Amount allocated by societies for education in 1885, £21,750.

1887.

United Board grant £50 to Education Committee.

Acland reads a paper on "Co-operation" at the Birmingham meeting of the British Association.

2,000 copies of lesson outlines on "Co-operation" published.

Publication of a *Record* with local pages for local societies recommended by Education Committee.

A course of six correspondence "lectures" on the "Worker and His Welfare" under Oxford University Extension Scheme, largely devoted to Co-operation, taken up by a number of co-operators.

Acland examines a class organised at Consett on the book "Working Men Co-operators."

United Board sanction a grant of 2s. 6d. for each successful candidate in an examination based on "Outlines of Lessons in Co-operation."

The North-Western Co-operative Educational Committees' Association commenced during the year.

Amount allocated by societies for education in 1886, £22,446.

1888.

Classes formed for systematic teaching of Co-operation. Difficulty in finding suitable teachers; and organisation of teachers' preparation classes discussed in various districts.

Enlargement of programme of studies under consideration.

Compilation of lesson outlines for Co-operative Book-keeping and Auditing agreed upon; and, also, a text-book for classes in Store Management.

Appendix to Report of Education Committee contains scheme for encouraging teaching of Co-operation, class and examination regulations, and system of grants and class inspection.

Proposal in Southern Section to hold a sectional conference on "Organisation and Training of Co-operative Employees."

Amount allocated by societies for education in 1887, £23,029.

1889.

Classes formed in Elementary and Advanced Co-operation, and in Co-operative Book-keeping. Successful students sent to University Extension Summer Meeting in 1888.

Amount allocated by societies for education in 1888, £25,022.

1890.

Examinations conducted in Elementary Co-operation and for first time in Co-operative Book-keeping. 40 students from four societies in 1888, 17 students from four societies in 1889, and 43 students in 1890, sat for the examination in Elementary Co-operation. Eight students from five societies sat for the first examination (1890) in Book-keeping.

Lantern slides and lecture notes on work of productive societies prepared.

Consideration asked for proposal to establish a school or college for distinctive and systematic teaching of co-operative principles.

Amount allocated by societies for education in 1889, £26,947.

1891.

Examinations held for first time in Advanced Co-operation (four papers, two centres) and Advanced Book-keeping (nine papers, four centres). 25 students from 14 centres for Auditing Examination.

Consideration again invited to commencement of a co-operative school or college.

Four University Summer Meeting scholarships awarded in 1890; six to be granted in 1891.

Grants for successful students in examinations increased from 2s. 6d. to 5s.

Inter-representation with N.U.T. subject of an adopted resolution at Congress.

Amount allocated for education by societies in 1890, £30,222.

1892.

Resolution of Central Board *re* South Kensington Grants.

Educational sub-committees of sectional boards exist in six sections.

239 examination papers sent out (77 Co-operation, 124 Book-keeping, 38 Auditing). 61 sat in Co-operation and 81 in Book-keeping.

An effort made to compile a list of co-operators serving as teachers or as members of school boards. 107 replies from 1,529 societies give 164 members of school boards, 128 managers of schools, 169 head teachers, and 155 assistant teachers.

Amount allocated for education by societies in 1891, £32,942.

1893.

Addition of Political Economy to programme considered, but in absence of a suitable text-book no provision yet made.

Deputation to Minister for Education recommends greater attention to teaching of Citizenship, that attendance at evening schools should be free and compulsory and that grants in support be given to teachers of Citizenship in day and evening schools.

Examination candidates: Elementary Co-operation, 53; Advanced Co-operation, 10; Elementary Book-keeping, 79; Advanced Book-keeping, 25; Auditing, 47.

Amount allocated for education by societies in 1892, £33,915.

1894.

A growing interest in classes reported.

Classes in Life and Duties of Citizen reported at three centres.

Reported that students who have passed examination in Book-keeping are eagerly sought by societies requiring competent book-keepers.

Co-operative societies and their work included as part of the syllabus to be studied in the new code for evening continuation schools.

Amount allocated for education by societies in 1893, £34,487.

1895.

Congress passes resolution urging societies to be more active educationally.

Committee invited to give evidence before Royal Commission on Secondary Education. Resolution approved merging committees on Education and Production.

Amount allocated for education by societies in 1894, £38,016.

1896.

Six summer meeting scholarships to London School of Economics (no meeting at Oxford).

Committee on Education and Production report they have agreed to issue a special Co-operative Union certificate to members of Junior Co-operative Club who are successful in an annual examination of essays conducted under Miss Sharland's direction.

Resolutions approved by Congress include one on the establishment of Sectional Lecture Funds and one urging societies to organise educational departments. An amendment (carried) to the latter resolution asks for appointment of a Special Committee of Inquiry.

Amount allocated for education by societies in 1895, £42,391.

1897.

Report of Special Committee of Inquiry on Education presented to Congress (see pp. 174-178). Report discussed and consideration adjourned.

Book-keeping Text-book revised.

Separate committee for education again approved.

Amount allocated for education by societies in 1896, £46,752.

1898.

Modern Languages included in programme but only one response.

Education Committee members visit societies to encourage formation of education committees.

Industrial History introduced in programme and an examination held.

Examination entries (Nos. in brackets indicate worked papers returned):

	Co-operation.	Book-keeping.	Auditing.	Industrial History.
1898 ...	179 (124) ...	219 (154) ...	10 (9) ...	68
1897 ...	161 (118) ...	138 (98) ...	6 (6) ...	—

Nineteen societies held examinations for children.

Report of Special Committee of Inquiry passed with amendments proposed by existing education committee.

New constitution of Union's education committee includes representatives of sectional boards, of educational committees' associations, where approved, and the Women's Co-operative Guild.

Amount allocated for education by societies in 1897, £52,606.

1899.

Memorial to Robert Owen discussed.

Invitation to participate in Ruskin Hall received.

New Text-book in Book-keeping completed.

In Session 1898-99, 52 classes with 1,114 students formed. (Co-operation 24 classes, 339 students; Industrial History, eight classes, 101 students; Citizenship, one class and 54 students; Book-keeping, 19 classes, 620 students).

Examination entries and papers worked, 573 and 391. [Co-operation, 179 (124); Industrial History, 54 (34); Citizenship, 17 (10); Book-keeping, 313 (214); Auditing, 10 (9).]

Examinations for children divided into two sections; 10 years and under 13, and 13 and under 16 years of age. 1,139 candidates for examinations against 722 in previous year. 8,912 copies of text-book "Talks on Co-operation" sold.

Eight scholarships granted tenable at Oxford Summer Meeting or Congress.

Advisory visits to societies continued.

Northern, Scottish, and Southern sections take steps to form Educational Committees' Associations; proposal defeated by one vote in South-Western Section and under consideration in Midland Section.

Congress Report (p. 20) gives a summary of educational grants.

Examinations in Co-operation conducted by Women's Co-operative Guild.

Blandford Memorial Fund established.

Amount allocated for education by societies in 1898, £53,371.

1900.

Congress Report contains reports of Educational Associations in Midland, Northern, North-Western, Scottish, Southern, and South-Western Sections.

The Western Sectional Board report that educational work is not progressing to the satisfaction of the Board.

Congress passes resolution urging increased educational effort.

Amount allocated for education by societies in 1899, £57,622.

APPENDIX V.

PRINCIPAL PROVISIONS OF THE INDUSTRIAL AND PROVIDENT SOCIETIES ACTS.

N.B.—The rules of a society may limit some of the possibilities conferred by legislation, *e.g.*, some societies do not admit as members persons below 18 years of age.

1. Seven individuals (who must be at least 16 years of age), or two Industrial and Provident Societies, are required as the minimum number of members of an Industrial and Provident Society.

2. Societies and their rules (and any amendments thereto) are registered with the Registrar of Friendly Societies. The rules must contain provisions in respect of several matters mentioned in a schedule to the 1893 Act. The word "Limited" must be the last word of the name of a registered society. Registration gives a society the status of a corporate body that may sue or be sued in its own name and have perpetual succession. A society that may be registered under the Industrial and Provident Societies Acts is one for carrying on any industries or trades specified in or authorised by its rules, whether wholesale or retail, and including dealings of any description with land.

3. Every society must have a registered office to which all communications and notices are to be addressed.

4. Individuals and joint-stock companies may not hold more than £200 of share capital; but there is no limit to the shareholding of one registered society in another. (N.B.—The rules of a society usually fix the minimum number of shares and their value which a member must hold; and they sometimes fix a maximum below the £200 permitted by law.)

5. Loan capital may be accepted if authority is given in the rules, the amount that may be accepted and the security given being also determined by the authority given in the rules. (There is no legal limit beyond this to the amount of loan capital which any person may hold in a society.)

6. Share capital may be either transferable or withdrawable. A society with withdrawable share capital may not undertake the business of banking; but the receipt of not more than 10s. in one deposit or £20 in all from any one depositor, payable on not less than two clear days' notice, does not constitute the business of banking in this connection.

7. The liability of every member, as member (*e.g.*, not as a purchaser) is limited to the number of shares he has taken up (the minimum being the number for membership) and this liability continues for one year after cessation of membership for such debts as were contracted before he ceased to be a member and if the contributions of existing members are insufficient to meet them.

8. Members have certain rights. They include :—

(1) A right to purchase for a sum not exceeding one shilling a copy of the rules of his society (non-members also have this right) ;

(2) A right to a copy of the last Annual Return forwarded to the Registrar of Friendly Societies (other persons interested in the funds of the society, *e.g.*, loanholders, also have this right) ;

(3) A right to inspect his own account in the books of his society ; and also to inspect the books containing the names of the members of the society (it has been ruled that he can take copies of these names). (These rights are also shared by other persons having an interest in the funds of the society) ;

(4) The right to nominate, in writing, any person(s) to whom the whole, or a specified part, of his property shall be paid at his decease, the nomination being limited to £100 if the member's holding (shares, loans, deposits, or otherwise) exceeds £100. A nomination may be revoked or varied by a subsequent nomination but not by a will. Subsequent marriage revokes a nomination. (Provision is made to protect the State in regard to the payment of death duties.)

9. A registered society has certain obligations. They include :—

(1) Having its accounts audited by a Public Auditor once a year.

(2) The forwarding to the Registrar of Friendly Societies, not later than 31st March in each year, of an Annual Return showing the receipts and expenditure, funds, and effects of the society, the Return being signed by the auditor(s) and accompanied by any report(s) issued by him (them) during the year.

(3) The forwarding to the Registrar of Friendly Societies at least once in every three years with the Annual Return for the year a special return signed by the auditor(s) showing the holdings of each person in the society (whether in shares or loans) at the date to which the Annual Return is made out.

(4) The keeping of a copy of the last balance sheet for the time being, together with a report of the auditors, always hung up in a conspicuous place at the registered office of the society.

(5) The preparation by a society undertaking the business of banking of a statement in specified form made up on the first Mondays in February and August each

year, and hanging up a copy of this statement in a conspicuous position in its registered office and every other office or place of business belonging to it where the business of banking is carried on.

10. A member under 21 years of age may be secretary, but not a member of the committee, trustee, manager, or treasurer of the society.

11. By special resolution (explained in Chapter XXV.), a society may change its name, amalgamate with another society, transfer its engagements to another registered society willing to undertake them, convert itself into a company under the Companies Acts, or amalgamate with or transfer its engagements to such a company.

12. Upon application from one-tenth of the whole number of members or of one hundred members if the membership exceeds one thousand the Registrar, with the consent of the Treasury, may (*a*) appoint an inspector or inspectors to examine into and report on the affairs of such society; or (*b*) call a special meeting of the society.

13. The term "officer" is explained as covering any treasurer, secretary, member of the committee, manager or servant, other than a servant appointed by the committee, of a society.

APPENDIX VI.

The Balance Sheet.

In describing and explaining the balance sheet in the next few paragraphs we shall take the Standard Balance Sheet as our basis. The description will, therefore, not be applicable to every balance sheet issued within the Movement.

The Cash Account.—It is usual for most societies to include in their published accounts a cash account showing under appropriate headings the amounts of cash received and paid by the society during the period covered by the balance sheet. It is custom and tradition, rather than utility, which leads to the publication of the cash account, for it throws no light on the trading results of the society or its present position. The account is entirely for cash received and paid, and takes no account of debts owing to or by the society.

The Revenue Accounts.—The next three main accounts—trading account, investments revenue account, and final revenue account—are the principal revenue accounts of the society, so-called because they show the income which the society has become entitled to receive (*whether received or not*) and the expenditure of the society (whether paid or not). Thus sales and purchases in the trading account are the values sold and bought, though members may still owe for some of the goods sold to them, and the society may still owe for some of the goods it has bought. Obviously the revenue account method is required if we are to know whether goods have been sold for more than they have cost. The cash account would be misleading for this purpose.

The Trading Account.—The trading account tells us whether the trade has been carried on satisfactorily or not. If the purchases, plus expenses, plus stock on hand at the commencement of the period, are greater than the sales, plus stock on hand at the end of the period, a loss has been incurred; but if the sales side has a greater value than the purchases and expenses side, a surplus has been realised and the amount of the surplus is "added in" on the lesser side to make the totals of the two sides agree. Sometimes, for the information of members, an expenses account is included in the balance sheet to show in detail the amount of the expenses included in the trading account.

The Investments Revenue Account.—It has already been remarked (page 285) that a society may supplement (or diminish) its trading surplus by the results of its investments; and in the Standard Balance Sheet a separate account, known as the investments revenue account, shows the results of investment operations. This account is charged with all the interest for which the society has become liable during the period to members and other persons, whilst it is credited with all the income

to which it becomes entitled during the period on all its investments, including the investments in its own shops and its own undertakings generally, as well as any house property it may own. Where a society owns houses, the income and expenditure items referring to them are usually shown separately, so that the surplus or loss on them can be ascertained. Most societies now earn a surplus on their investments; and the amount of this surplus is included in the lesser side of the investments revenue account in order to bring the totals of the two sides to agreement.

The Final Revenue Account.—The surpluses (or deficiencies) on the trading account and investments revenue account are "collected" in the final revenue account. In this account are charged any items that do not properly belong to trade or to investments, and the difference between their total and the total of the balances from the trading account and investments revenue account brought in on the credit side of the final revenue account is the amount available for disposal by the society as dividend, as donations, or for any purpose approved by the members and within the rules.

The Disposable Balance Account.—The balance disposable being known, the committee have to decide what recommendations they shall make to the members regarding its disposal. This they do in another account known as the disposable balance account. But the members desire to know how the profit or surplus shown in the last balance sheet was treated, especially as a part of it may not have been distributed but carried forward and, is, therefore, still available for dividend or other purposes. For this reason, the disposable balance account is in two parts. Part A shows how the balance at the end of the previous trading period was disposed of, as dividend, &c.; and if there was any part of it not disposed of, it is carried forward into Part B of the account, there to be added to the balance brought from the final revenue account to show the total amount available for distribution. The committee examining the data will first recognise the legal claims upon the balance as per rule, *e.g.*, educational grant and, in some societies, the reserve fund. Having met the statutory obligations they may consider it wise to make a considerable allocation to the reserve fund or funds, to a special depreciation fund, or for some other purpose. Knowing the amount of the sales and the amount of the disposable balance still remaining they can decide the rate of dividend which they will recommend to the members, ascertain the total amount required if this rate of dividend is paid, and carry forward any balance not required for that purpose.

Statement of Liabilities and Assets.—The next item in the balance sheet is the statement of liabilities and assets. It is not an account as the trading account is; but merely a list of the balances remaining in the books after the accounts have been balanced. Strictly speaking, it is the only part of the co-operative balance sheet entitled to the name of balance sheet; but co-operative tradition has attached the name

balance sheet to the whole collection of accounts and statements submitted with the committee's report to the members. Assets are tabulated on the right-hand side and liabilities on the left-hand side of the statement.

The principal items on the assets side are: Stock-in-trade, land and buildings used in trade, fixtures and fittings, land and buildings not used in trade, house property, share and loan investments, debts owing to the society for goods, and cash in hand and at bank. It is obvious that it would be most misleading if the values of these assets were wrongly stated—particularly if they were overstated—in the balance sheet; and it is one of the duties of the auditor to certify that the balance sheet is correctly drawn up and is a true reflection of the accounts in the books of the society. But the auditor is not responsible for the valuation of the assets; yet he would only be doing his duty if he drew attention in the proper quarters if he suspected fraud or wilful exaggeration in the valuation. It is much more the duty of the committee to see that the valuation of assets is a correct one, though a conservative valuation having as its object the strengthening of the society and not deception is not usually considered other than a wise policy.

The value of the stock-in-trade is usually ascertained by a stocktaking on the date to which the accounts are made up. The goods in stock are listed and priced, after which only calculations are required to ascertain the value of each item. Both the quantity and price, as well as the calculations, should be checked; and the checking of the quantities is usually entrusted to a stocktaker appointed either by the members or committee, and he should initial or sign the stock book (the stock should be entered in a book, since sheets may be misplaced or lost more easily) in confirmation of the presence of the stock. The auditor usually accepts this testimony of the stocktaker, more correctly described as a stock-checker. Some attempt should be made by the committee to verify the accuracy of the prices attached to the stock items, and this they may do by selecting one or two at random from each page of the stock book. In attaching these prices it is important to employ either the cost price paid or present cost price, whichever may be lower. It would obviously be wrong to value the goods at retail price since the goods have to bear the expense of sale before they attain their retail value, and even then a dividend will have to be allowed from the retail sale price. It is equally wrong to attach their cost price if similar goods can be bought at a lower price on the stocktaking day, for they are obviously not now worth what was paid for them. The cost price paid or the present cost price, whichever is the lower, is clearly the only sound basis for valuing stock. Even this price may be too high for goods that have been in stock for some time. That fact indicates that their selling price may have to be reduced in order to effect a sale; and as the trading period effecting the sale will have to meet the selling expenses the stock price must

be reduced in order that these expenses may be met and the goods sold without a loss being shown in the period of the sale. Even when stock has been satisfactorily priced and allowance made for that which is old, it is not uncommon for societies to reduce the value by a further small percentage. Whilst such a reduction reduces the surplus for the period at the end of which the reduction is made, it is a wise measure that enables the society to meet more easily any general rapid fall in prices, such as that which occurred in 1920, and to a smaller extent, after 1929. Such a reduction of stock values to a figure below their real value creates a reserve not disclosed by the balance sheet and could be correctly described as a hidden reserve.

If a satisfactory policy of depreciation has been followed in regard to buildings, fixtures, machinery, and rolling stock, the balance sheet figures can be considered satisfactory, though some assets, if they were purchased when costs were very high, may stand at a figure which present-day costs would not justify; and special depreciation charges would be amply justified to bring them into line with what their value would be on the basis of present-day costs. It is not usually considered necessary to depreciate land, since its value usually appreciates; but some societies consider it wise to depreciate it at a low rate. This practice reduces the amount upon which interest has to be charged annually to the trading departments and creates a hidden reserve which strengthens the society's financial position.

The value of investments will seldom need adjustment if they are in co-operative organisations. It is wise to reduce their balance sheet value if, for any reason, a return is not received for a period of years and they must, of course, be wiped out entirely if the capital is lost and to the extent of the loss if only partly repaid after an unsuccessful concern has been wound up. In the case of Government and municipal investments the circumstances differ, for their value may vary with alterations in the money market and the prevailing rate of interest on gilt-edged securities. If the loan is repayable within a short period of years and the price paid is not above par, the purchase price can be justified as the balance sheet figure; but if the securities have been bought at a figure above par, the loans should be gradually written down to par value, the amount of annual reduction being determined by the number of years that will elapse before the loan is repaid—at par.

Members' debts and other debts should be carefully scrutinised before entry in the balance sheet. If there is no probability of payment they should be entered as of no value, though this should not prevent attempts being made to secure payment. If they are doubtful debts, they should be reduced to a figure that reflects the estimate of their value, having regard to the likelihood and unlikelihood of their being paid. Still another deduction has to be made from the book value of debts. On the book value of a debt, dividend will have to be allowed when the debt is paid, and if the dividend is 2s. in the £, a debt entered as £1 is worth to the society only 18s. even if it is paid. Again, the

retail values cover the working expenses as well as the dividend, and it is considered unwise to take credit for the income against these expenses until the income becomes a receipt. Hence it is considered wise (1) to write off debts which it is considered will never be paid, (2) to reduce debts that are doubtful to a figure estimated to be their real worth, and (3), to take into the balance sheet the amount of the good debts, plus the estimated value of the doubtful debts, less a percentage reduction that represents the gross surplus included in the retail price which means, in effect, making allowance for the working expenses and the dividend.

Every society must keep a certain amount of money in readily accessible form. This necessitates the item " cash in hand and at bank " in the balance sheet; but as such cash is earning little or no interest the amount should be kept as low as possible consistent with safety and necessary convenience.

On the liabilities side of the balance sheet, the first item is usually the amount owing to members on account of their share capital. The society is a legal entity and has a legal existence distinct from its members, so that the share capital invested by members in their society is a liability of the society to them. The amount of liability to members on share capital account should not, prior to the adoption by the members of the balance sheet and statement of accounts, include the interest for the period just ending. Share interest, legally, is a part of the profits or surplus, and although the rules may give priority to the shareholders for their interest after all external obligations have been discharged, the shareholders have no right to it unless there is a surplus and until, as members, the shareholders in general meeting have approved its allocation. Loanholders stand in a position different from that of shareholders. Becoming a loanholder does not make a person a member of a society; and loanholders are, therefore, creditors of the society in the same way as persons who have supplied goods, and they have a legal right to their interest even if the society has not realised a surplus. Interest due to loanholders can, therefore, be quite properly included in the balance sheet as a debt of the society without any consent from the shareholders being obtained; and, in fact, it is paid out before the balance sheet is prepared, or is added to the amount of loan capital owing, or is treated as a separate debt. The same conditions apply to depositors in the savings bank so far as interest claims are concerned.

Debts owing by the society appear on the liabilities side of the statement of liabilities and assets, and should, of course, be fully stated, care being taken to avoid any omission. Whilst there is justification for deducting any discounts to which the society may be entitled when it pays the accounts, it is not necessary to do so, and it is probably unwise to deduct them from the gross amount of debts owing, though the amount is not usually large.

The next items of importance on the liabilities side of the balance sheet are the reserve funds. Usually, a society has a general reserve

fund called " reserve fund " simply. But there are other reserve funds, or funds that are of the nature of reserve funds. Before describing these funds it may be desirable to explain the difference between a reserve and a reserve fund, a point in regard to which many persons, besides members of co-operative societies, are often confused, especially when reserve funds are often described as reserves, *e.g.*, " the A.B.C. Co-operative Society has good reserves " when good reserve funds are meant.

A " reserve " is the result of a charge which a society makes against itself before arriving at the amount of its surplus or profit. Such a step is often necessary if the accounts are to show the true position of the society. For example, a society may know that it has a liability for income tax or for a loss from an accident, or arising out of a lawsuit it has lost, but at the moment of making up its accounts the exact amount of the society's liability is not known. The secretary of the society must not ignore or postpone treatment of the liability when preparing the balance sheet and accounts, for that would mean throwing upon the operations of a future trading period a burden that should be borne by the present period ; and the statements of the two periods would not accord with the facts if this were done. It is, therefore, usual to estimate the amount of the liability, to charge this amount against the trade or general revenue of the society and to insert the amount as a liability in the statement of liabilities and assets, or to deduct it from the value of an asset on the assets side in that statement. The latter method is followed in the case of the anticipated loss arising from non-payment of debts by members, where a " reserve for bad and doubtful debts " is created and the amount is deducted from the gross amount of debts before arriving at the amount stated as an asset in the balance sheet. A reserve must, therefore, be created, if circumstances necessitate, whether the society's operations show a surplus (or profit) or not. In this respect, a reserve differs from a reserve fund which can only be created out of the surplus.

A reserve fund has been defined as "a portion of the profit placed aside for future use." It can be used, and is used, to make good any losses that may occur in the future, whilst some societies make charitable and other grants from such funds. Special reserve funds are also frequently created by allocations from the surplus. A dividend equalisation fund is an example. Instead of increasing the dividend and using up all the surplus in a prosperous trading period, a portion of the surplus is set aside to be drawn upon for making up the dividend in a period when the trading results are below normal. An essential difference between a reserve and a reserve fund is, therefore, that a reserve is created by a charge against the society's revenue before the surplus is ascertained, whilst a reserve fund is created by allocating a portion of the surplus after it is ascertained. A second difference is that a reserve is to meet a liability the exact amount of which is unknown, whilst a reserve fund is a surplus of assets over liabilities that can be

used for dividend or any other purpose thought desirable at a later date.

There are, however, some funds which partake of the nature of both a reserve and a reserve fund. Insurance funds, *e.g.*, a plate-glass insurance fund, are examples of these funds. Some societies seek to escape the commission and other expenses which insurance companies have to pay (and which they include in the premiums they charge) by carrying the insurance risks themselves. Into the wisdom of the practice we are not now inquiring. We only remark that it exists, principally for small insurances such as plate-glass insurance. An amount equal to the premium that would have to be paid to an insurance company is charged annually as a trade expense and the amount, instead of being paid to a company, is paid into an insurance fund. Out of this fund any losses from damages to windows are met. So far, the fund seems to be of the nature of a reserve. Suppose, however, that on December 31st, 1934, a society has £1,000 in such a fund after meeting the losses for the year, and the society comes to an end on that date. There is no liability to be met from the fund and the £1,000 is, therefore, a surplus of assets over liabilities which gives the fund a characteristic of a reserve fund. If the society continued, however, during 1935, an explosion or earthquake might do so much damage as to cause the exhaustion of the fund; but in the meantime the fund possesses the nature of a reserve fund.

Several matters relating to reserve funds puzzle the co-operative member. One is: "Why is it that a reserve fund which represents 'an amount to the good,' *i.e.*, a surplus of assets over liabilities, appears on the liabilities side of the statement of liabilities and assets?" A second one is: "Where is the reserve fund?" "Who holds it?" or "Where is it invested?" These questions can be answered together. When a business is commenced it possesses the cash invested in the business and it owes this amount to those who have invested it: the assets and liabilities of the business are equal. As the business proceeds, goods will be bought and sold for more than is paid for them plus the expenses incurred in selling them. The assets of the business thus become greater than its liabilities. The difference is a profit (surplus in a co-operative society) and it may all be paid out as dividend to the owners of the business, or a part only may be paid to them and a part placed to a reserve fund. The point to be noticed is that in this case the assets are greater than the liabilities by the amount of the reserve fund after the dividends have been paid out; and if the assets are greater than the liabilities the totals of the two sides of the statement of liabilities and assets will not agree unless an entry is made on the liabilities side equal to the value of the reserve fund, *i.e.*, the amount of the surplus of assets over liabilities. Such an entry is made and takes the description of reserve fund for the amount is the value of the surplus of assets over liabilities. The real reserve, therefore, is on the assets side; and the entry on the liabilities side is only a book entry. We have

already shown that the reserve fund is the measure of the surplus of assets (in total) over liabilities (in total). The reserve fund is, therefore, not in any special investment or the custody of any special person, but is among the general assets of the business and is not necessarily in the form of cash, and in a normal society is not likely to be.

One further feature of reserve funds may be noted. Such funds belong to the members collectively, yet they are just as effective as capital of the society as they would have been if they had been distributed as dividend and if the amount distributed had then been invested in the society as share capital by those receiving it. A reserve fund possesses, however, great advantages over share capital, besides strengthening the finances of the society and providing a fund that can be drawn upon in time of need. In the first place, being collectively owned, it cannot be withdrawn by individual shareholders, and this may be important if there is a "run" on the society's capital. In the second place, whilst the society has a liability to members for interest on their share capital, it has none for interest on its reserve fund, and whilst many societies, quite wisely, charge their accounts with interest on reserve funds, the amount of the interest is added to the reserve fund which is thereby strengthened.

There now remains only one further item on the liabilities side of the statement of liabilities and assets to be explained, and that is the surplus on the operations of the society for the current period, plus any balance not allocated at the end of the previous period and brought forward to the current period. In explaining reserve funds, we have pointed out that if the society is working successfully, its assets will increase relatively to its liabilities and the amount by which the former increase over the latter during the period will be the profit or surplus for the period, and to make the assets and liabilities equate at the same total, the amount of this surplus must be inserted on the liabilities side.

It is usual to submit with the balance sheet accounts a statement showing how the committee recommend the members to deal with the amount available for disposal. This recommendation generally takes the form of a proposal that dividend at a specified rate be paid (the amount which this will take is shown), that a certain amount be placed to the reserve fund or funds, and that the balance remaining be carried forward to the next period. In some cases other allocations are recommended, but those we have mentioned are the principal ones; and until the members have approved these proposals, the dividend can not be paid or the other recommendations carried out.

INDEX.

INDEX

Accounts, 276.
Acland, A. H. D., 168, 170.
Administrative Problems, 263.
Adult Students, 329.
Advertising, 331, *et. seq.*
Adviser of Studies, 240.
Agricultural and Horticultural Association, 129, 153.
Agricultural Co-operation, 184, *et seq.*
Agricultural Department, 232, 301.
Agricultural Department (C.W.S.), 211.
Agricultural Marketing Schemes, 200, 319.
Agricultural Organisation Society, 192, 231.
Agricultural Organiser, 301.
Agricultural Societies, 252, 315.
Agricultural Revolution, 23.
Agriculture, 145, *et seq.*
Aircdale Manufacturing Society, 55.
Allan, Wm., 76, 96, 129.
Alton Locke, 93.
Amalgamated Society of Engineers, 76, 96.
Amalgamated Union of Co-operative Employees, 216, *et seq.*, 222.
America, 199.
American Tobacco Trust, 193.
Anchor Boot and Shoe Co-operative Society, 157.
Anderson, R. A., 145, 187.
Annual Return, 276.
Anti-Competitive Agency, 110.
Anti-Corn Law League, 77.
Applegarth, R., 76, 129.
Arkwright's Invention, 27.
Ashton, T. S., 43.
Ashworth, Samuel, 215.
Assington, 184.
Attacks on Movement, 149.
Auditors, 276.
C.W.S., 288.
S.C.W.S., 292.
Australian Banks, 258.
Authority, *see* National Co-operative Authority.

Bacon, 185.
Bailey, H. R., 141.
Bakeries, 205.
Balance Sheet, 276, 284, 390.
Ballot Act, 77.
Bamford, S., 114, 132.
Banana Producers, 319.
Banking, 188.
Bank (C.W.S.), 212, 346.
Banking Federation, 227.
Banking, International, 258.
Banks, Penny, 181, 269, 271.
Barham Downs, 42.
Basle Congress, 253.
Belfast Congress, 221.
Bellers, John, 150.
Bentham, Jeremy, 52.
Bentham Society, 107.
Blackpool Congress, 227, 231.
Blanc, Louis, 91, 129.
Blandford, T., 158.
Blatchford, R., 136.
Blennerhasset, 184.
Birmingham Congress, 70.
Birmingham Co-operative Herald, 106.
Board of Trade, 231.
Bonar, Dr. J., 156.
Bonus on Wages, 125, 148, 151.
Books, 171, 172.
Booth, Charles, 137.
Borrowman, J., 131.
Bournemouth Congress, 232.
Boycott, Glasgow, 149.
Boyve, Edward de, 250, 251.
Bradford, 106.
Bradford Dyers' Association, 193.
Brain Workers, 222.
Bray, Charles, 60.
Bread Prices, 208.
Brentford Good Intent Society, 43.
Briggs Collieries, 152.
Bright, John, 166.
Brighton Co-operative Society, 56, 67, 72.
British and Foreign Schools Society, 79.
British Association for Promoting Co-operative Knowledge, 99.
British Broadcasting Corporation, 327.
British Empire, 199.
British Federation of Co-operative Youth, 239.
Browning, Elizabeth Barrett, 80.
Bryan, William, 56, 67.
Buchan, Mrs. A., 182.
Bugle Horn and Eccleshill Collieries, 154.
Bulletin, International Co-operative Alliance, 252.

Burial Society, Rochdale, 88.
Burns, John, 137, 138.
Burslem, 106.
Burt, Thomas, 1874, 77.
Bury Conference, 112.
Butter, 185.
Buying and Selling, 278.
Byron, Lady N., 69.

Calendar, 326.
Calico Printers' Association, 193.
Campbell, A., 63, 122, 129.
Cambridge University, 167.
Canvassers, 332.
Capital of Retail Societies, 21, 142, 258.
Capital (S.C.W.S.), 212.
Capital (C.W.S.), 210.
Capital (Post-War Co-operative), 204.
Capitalism, 13, 14, 21, 350, 352, *et seq.*
Carlisle Society, 107.
Carlisle Congress, 242.
Carlyle, Thomas, 80, 81, 222, 313.
Cash Payment, 259.
Castle Street Tailors, 93, 95, 100.
Central Board, 132, 168, 226, 250, 293.
Central Education Committee, 235.
Centralisation, 146.
Centrosoyus, 253.
Ceylon, 213.
Central Agency, 98, 113.
Chadwick, E., 78.
Chambers of Commerce, 260.
Charitable Efforts, 41.
Charleton, W. L., 192.
Chartism, 34, 40, 73, 77, 92.
Chester, 106.
Chester Society, 107.
Children, 37, 49, 329.
Children's Circles, 325.
Choirs, 329.
Christian Socialist, The, 93.
Christian Socialists, 91, *et seq*; Achievements of, 102, 110, 112, 152, 315, 344, 351.
Christianity, 59, 91.
Church of England, 91, 139.
Cinema, 339.
Citizen, The, 332.
Citizenship Classes, 172.
Class Development, 171 (*see* Educat'n).
Class Relations, 60.
Clarion, The, 135.
Clegg, J., 114; footnote, 115.
Clough, A. H., 93.
Coal, 29.
Coal Merchants' Federation, 253.
Coal Mines Act, 78, 194.
Coal Mines Act, 1930, 233.
Coal Trade Association, 233, 299.
Coats, 193.
Cobden Memorial Mills, 153.
Collectivism, 195.
College, 241, 322.
College Herald Circle, 242.
Colonies, Self-supporting, 55.
Combe Abram, 61, 66 *et seq.*
Combination Laws, 36, 41, 46.
Combines, 193, 200, 358, *et seq.*
Commerce, 32, 34.
Commercial Progress, 61, 202.
Commonwealth, 309, 363.
Companies Act, 88, 267.
Competitive Capitalism, 91.
Communities, Collapse of, 65, *et seq.*
Conciliation, 219, 229 (*see* National Conciliation Board).
Conditions of Labour, 216.
Congress, 128, 129, 131, 132, 139, 285, 293, 294, 303, *et seq.*, 365.
Congested Districts Board, 186.
Coningham, Wm., 99.
Conservatives, 136.
Constitution: (Central Education Committee), 176.
(Co-operative Party), *see* Party.
(Co-operative Union), *see* Union.
(Co-operative Wholesale Soc.), 286, 291; (Education Committees), 171, 321; (Irish Agricultural Wholesale Society), 190; (Joint Trade and Propaganda Committee), 300; (Retail Societies), 264, 267; (Scottish Co-operative Wholesale Society), 291.
Consumer, 265, 306.
Consumers' Co-operative Societies, 16 (*see* Retail Societies).
Consumers' Council, 197.
Consumers' Theory, 144, 308.
Convalescent Fund, 181.
Cooper, Wm., 93, 114, 117, 118, 120, 121, 127.
Cooper Street Institute, 113.
Co-operators' Day, 332.
Co-operator, The, 57, 67, 120, 121, 127, 342.
Co-operative Magazine, 52, 55, 61, 67.
Co-operative Union (*see* Union).
Correspondence Classes, 172.
Corn Production Act, 197.
Corn Laws, 76, 184.
Co-operative Wholesale Society, 105, 116, 124, 126, 140, *et seq*; 144, *et seq.*; 154, 158, 181, 189, 197, 203, 210, *et seq.*; 221, 222, 225, 226, 229, 232, 233, 234, 243, 249, 256, 269, 286, *et seq.*; 291, 300, 314, 317, 318, 331, 332; Bank, 346; Constitution, 146; Organisation, 147.

Co-partnership, 18, 152, 156, *et seq.*; 309, 314, 355.
Corporations Profit Act, 232.
Cost of Living, 83, 192.
Courses, Co-operative College, 32.
Coventry, 106.
Craig, E. T., 63, 128, 129.
Crane, Wm., 135.
Creamery, 187, 189.
Credit, 248, 251 (*see* Cash).
Credit Societies, 188.
Cromford, 106.
Crompton Invention, 28.
Currency, 196.

Daily News, 127.
Darwin, Dr., 114.
Davies, Miss M. Ll., 174, 179, 227.
Deans, J., 150, 182, 224.
Defence Committee, 225.
Democracy, 15, 138, 356.
Industrial, 311.
Denmark, 187, 191, 243, 250.
Departments (Co-op. Union), 279, 300, *et seq.*
Depreciation, 281.
Derby, 317.
Derby Congress, 250.
Deserts, Co-operative, 255.
Development Commissioners, 231.
Dickens, Charles, 80.
Diplomas, 244.
Directors (C.W.S.), 288, 289, *et seq.*
Directors (S.C.W.S.), 291.
Distribution of Wealth, 337.
"Distribution of Wealth most conducive to Human Happiness," Inquiry into, 53.
Distributive Societies (*see* Retail Societies).
District Associations, 160, 235, 302.
Dividends, 21, 83, 181, 279.
Drama, 327.
Drumcollogher Creamery, 187.
Dublin Congress, 226, 237.
Dunsany, 187.
Dwelling Houses, 339.
Dyke Acland, Mrs., 179.

Early Co-operative Efforts, 41.
Early Co-operative Movement, 61, *et seq.*
Early Societies, 82.
East London Ironworks, 200.
Easter Educational Convention, 238, 324.
Echoes (S.C.W.S.), 334.
Economic Conference, Geneva, 255.
Economic Problems, 262.
Economist, The, 52, 61.
Economists, 46.
Economy, 196.
Edinburgh, 124.
Edinburgh Congress, 180.
Edinburgh Central Co-operative Agency, 122.
Education, Compulsory, 135.
Education, Co-operative, 59, 89, 163, 165, *et seq.*, 382.
Education, Co-operative, at Rochdale, 88.
Education Department (C.U.), 230, 237.
Educational Organisation, 237, *et seq.*
Education, Public, 79, 134, 198, 320, *et seq.*
Education Reforms, 181.
Educational Associations, 235, 327.
Educational Committees, 171, 175, 275.
Educational Committees' Association, 174.
Educational Council, 235, 320.
Educational Executive, 304.
Educator, 167, 245, 326, 333.
Edwards, J. C., 117, 124.
Eggs, 185.
Employees, 143, 181, 312, 346; Capitalist, 354; Co-operative Wholesale Society, 213; S.C.W.S., 151.
Employers' Liability Act, 134.
Employment, 208.
Enclosures, 25.
Engels, Frederick, 78.
England, 192.
Equality, Rochdale Pioneers' Attitude, 83
Equity, 21.
Evening Classes, 173.
Excess Profits Tax, 228.
Executive (C.U.), 234, 294, 296, *et seq.*
Executive (I.C.A.), 254.
Exhibitions, 331.
Exhibitions' Committee, 231.
Expenses, 280.
Experts, 263.

Fabian Collectivism, 194.
Fabian Society, 136, 226.
Factory Act, 38, 39.
Factory Reform, 80.
Farmers, 315.
Farmers' Societies, 211.
Farming (*see* Agriculture).
Farn, J. C., 127, 132.
Fascism, 343.
Fay, Professor C. R., 358.
Federal Problems, 265.

Fellowship, 325.
Fenwick Weavers, 44.
Finance Committee (C.W.S.), 296.
Finance Department, Co-operative Union, 232, 300.
Finch, John, 65, 107, 109.
Finlay, Fr. T. A., 187.
Flanagan, J. A., 123, 148.
Food Taxes, 76.
Foreign and British Co-operative League, 130.
Foreign Inquiry Committee, 250.
Fourier, 91.
France, 199.
Free Trade, 182, 185.
French Movement, 249.
Friendly Societies, 40, 43.
Friendly Societies Act, 96, 115; Footnote, 189.
Friendly Society, Rochdale, 68.
Friends of Co-operative Production, 251.
Furniture, 205.

General Meetings (Retail Societies), 271.
General Meetings (C.W.S.), 287.
General Meetings (S.C.W.S.), 291.
General Secretary, 164, 297.
General Strike, 198.
Germany, 199.
Gladstone, W. E., 76, 138.
Glasgow, 122, 123, 125, 149, 182, 224.
Glasgow Congress, 1932, 178, 247.
Glasgow Society, 123.
Glenfield Progress, 157.
Godwin, 52, 53.
Goedhart, G. J. D. C., 252, 253.
Governmental Grant (Agriculture), 192.
Government Grants (Education), 170.
Government Departments, 301.
Grand National Consolidated Trades Union, 73, 76.
Gray, J. C., 155, 163, 187, 225, 267.
Gray, John, 60.
Greenford, 42.
Greening and Co., 153.
Greening, E. O., 153, 224, 335.
Greenwood, Abraham, 118, 121, 123, 130, 166, 374.
Greenwood, Joseph, 155.
Grove, 93.
Guild Congress, 180.
Guild of Co-operators, 169.
Guild of Socialism, 196.
Guild Socialists, 345.
Guildman, 334.
Guilds, 246, 253.
Gurdon, Squire, 184.

Half-time System, 181.
Halifax Congress, 71.
Hall, F, 267, 270, 271.
Halstead, 155, 158.
Hamburg Congress, 252.
Hamilton, A. J., 61, 62.
Handbook for Co-operative Committee-men, 269, 270, 271.
Handicaps on Co-operation, 71, *et seq.*
Harcourt, Sir William, 139.
Hardie, Keir, 138.
Hargreaves' Spinning Jenny, 28.
Hartlepool, 234.
Healey, John, 114.
Health and Morals of Apprentices Act, 38, 39.
Hebden Bridge Fustian Manufacturing Society, 214.
Hebden Bridge Society, 117.
Hedberg, A., 257.
Hetbert, Hon. A., 130.
Hill, Octavia, 78.
Hill, Rowland, 76.
Hill, T., 134.
Hire Purchase, 205.
Hodgskin, Thomas, 55.
Holland, 182.
Holyoake, G. J., 68, 114, 115, 127, 166, 250.
Holyoake House, 240.
Home and Colonial Society, 79.
Hooson, E., 127.
Hours and Wages Boards, 220.
Housing, 198.
Housing Legislation, 181.
Huddersfield Congress, 71, 160.
Huber, Prof., 129.
Hughes, T., 127, 130, 158.
Hughes Scholarship, 169, 315.
Human Society (Definition), 99.
Hyndman, H. M., 136.

Ideals, 309 (*see* Principles).
Imperial Tobacco Co., 193.
Income Basis, 275.
Independent Labour Party, 138.
India, 213.
Industrial and Provident Societies Acts, 20, 41, 88, 96, 99, 112, 117, 128, 153, 156, 161, 163, 166, 213, 226, 267, 321, 387.
Industrial Combination, 193.
Industrial Court Acts, 198.
Industrial Revolution, 22-44, 201, 248.
Industry, Post-War, 198.
Inland Revenue, Commissioners of, 337.
Inquiry on Education, 175.
Insurance, International, 258.

Insurance Society, Co-operative, 211, 213, 222, 226.
Interest, 355.
International Aspirations, 173.
International Banking, 258.
International Co-operation, 248.
International Co-operative Alliance, 130, 164, 224, 240, 245, 251, 319, 332.
International Co-operative Wholesale, 253, 256, *et seq.*
International Co-operators' Day, 230.
International Exhibition, 117.
International Federation of Trade Unions, 255.
International Insurance, 258.
International Labour Office, 201, 255.
International People's High School, 243, 327.
Ireland, 186, 294.
Irish Agricultural Organisation Society, 145, 189.
Irish Conference Association, 224.
Irish Co-operative Agency, 190.
Irish Co-operative Wholesale Society, 189, *et seq.*
Irish Executive, 294.
Irish Homestead, 189.
Irish Women's Guild, 182, 183.
Italy, 199, 343.

Japan, 199.
Johnston, James, 250.
Joint Advisory Councils, 222.
Joint Committee of Trade Unions and Co-operators, 229, 344.
Joint Committee on Technical Education, 245, 321.
Joint Co-operative Wholesale Society, 146, 208, 211, 257, 278.
Joint Parliamentary Committee, 228.
Joint Propaganda and Trade Committee, 247.
Joint-Stock Companies Act, 96, 119, 213.
Jones, Benjamin, 160, 168.
Jones, Mrs. Ben., 181.
Jones, Lloyd, 93, 98, 111, 116, 128.
Journalists, 46.
Jumbo Farm, 121.
Junior Co-operative Club, 172.
Juvenile Organisations' Committee, 327.

Kay's Invention, 27.
Kendal, 106.
Kettering Union Society, 157.
King, Dr. William, 45, 56, 67, 73, 103, 342.
Kingsley, Charles, 92, 358.
Kirkpatrick, Henry, 63.

Labour, 13, 14, 53.
Labour Association, 156, 157.
Labour Bank, 69.
Labour Committee, 235.
Labour Constructive Policy, 221, 222
Labour Department (Co-operative Union), 220, 230, 301.
Labour Disputes, 335.
Labour Exchanges, 69.
Labour Movement, 345.
Labour Party, 133, 136, 137, 345.
Labour Problems, 215, *et seq.*
Labour Representation Committee, 138.
Labour Theory of Value, 54.
Laissez-faire, 77, 80, 81, 136.
Lambert, J., 155.
Lancashire and Yorkshire Co-operator, 68.
Lancashire Societies, 116.
Land, 13, 14.
Land of Refuge, 110.
Landowners, 338.
Languages, Classes on, 173.
La Prevoyance Sociale, 259.
Lawrenson, Mrs., 179.
Lawson, J., 184.
Laundries, 205.
League of Nations, 201, 255.
Leakage System, 283.
Le Chevalier, 110, *et seq.*
Leek Silk Twist Manufacturing Society, 154.
Legal Dept. (Co-operative Union), 296.
Legislation, 21.
Legislation (Social), 193.
Leicester Guild Conference, 180.
Leicester Printers, 157.
Leicester Week-end, 1912, 239.
Lenin, 340.
Lever, Wm., 356.
Liberal Party, 77, 136, 195.
Life Insurance, 181.
Limited Liability Company, 152.
Lincoln, 317.
Link, The, 333.
Liverpool Agency, 107, *et seq.*
Liverpool Congress, 68, 109.
Liverpool Wholesale Committee, 108.
Loans, 270.
Local Government Acts, 133, 181.
Local Government Classes, 177.
Lockhurst Lane Co-operative Society, 72.
London Association for Promotion of Co-operation, 120.
London Congress, 68, 71, 72.
London Co-operative Society, 52, 56, 61, 67.

Lovett, Wm., 68.
Lower Winchenden, 42.
Ludlow, J. M., 130.
Ludlow, Wm., 92, 93, 99, 127, 157.
Luton, 213.
Luxury, 53.

McInnes, J., 122.
McInnes, T. M., 131.
Macadam, 32.
Macclesfield Silk Manufacturing Society, 154.
Machine Breaking, 76.
Malthus, T. R., 46, 49.
Managers' Association, 222, 247.
Management, 277.
Manchester and District Co-operative Employees' Association, 216.
Manchester and Salford Co-operative Society, 116.
Manchester Collieries, 211.
Manchester Congress, 105.
Manchester Literary and Philosophical Society, 48.
Mann, Tom, 137.
Marcroft, Wm., 121, 127.
Marketing, 185, *et seq.*
Markets, 339, 358.
Marshall, A., 134.
Marx, Karl, 136.
Match Trust, 201.
Maurice, Prof. J. F. D., 91, 100.
Maxwell, Sir Wm., 104, 148, 217, 252, 345.
May, H. J., 252.
Meat Market, 185.
Meat Trade, 149.
Mechanics' Institute, 56.
Meetings of Retail Societies, 271.
Meltham Mills Co-operative Society, 73.
Membership, Co-operative Union, 293.
Membership, Co-operative Wholesale Society, 291.
Membership of Societies, 1870-1900, 141.
Post-War, 202.
Men's Guild, 239, 334.
Meredith, George, 134.
Midland Educational Association, 321.
Middlemen, 89, 185.
Military Services Act, 228.
Milk Department, Co-operative Wholesale Society, 212.
Milk Retailers' Federation, 233.
Milk Trade, 205.
Milk Trade Association, 233, 299.
Mill, J. S., 52, 81, 129, 135.
Miners, 196.
Ministers, 301.
Ministry of Food, 197.
Ministry of Health, 198.
Ministry of Reconstruction, 198.
Miscellany, The Co-operative, 60.
Mitchell, J. T. W., 132, 137, 144, *et seq.*; 158.
Model Rules, 270.
Mongewell, 42.
Monteagle, Lora, 187.
Moral Character, 58.
Morgan, Minter, 60.
Morris, Wm., 135.
Muller, Dr. Hans, 252.
Municipal Government, 80.
Municipalities, 194.
Municipalities and Education, 170.
Music, 329.
Mutuality Clubs, 205, *et seq.*

National Agricultural Union, 192.
National Conciliation Board, 220, 301, 347.
National Co-operative Authority, 235, 289, 294, 296, *et seq.*
National Co-operative Publishing Society, 228, 235, 247, 265, 332, 333.
National Farmers' Union, 232.
National Guild of Co-operators, 239.
National Joint Council, London, 346.
National Propaganda Campaign, 332.
National Propaganda Week, 230.
National Society, 79.
National Union of Co-operative Officials, 223, 304.
National Union of Distributive and Allied Workers, 219, 235.
National Union of Teachers, 326.
National Union of Warehouse and General Workers, 219.
National Unity, 126, *et seq.*
Neale, E. V., 95, 101, 111, 115, 127, 131, 155, 156, 159, 160, 162, 169, 250.
Neale Scholarship, 325.
Neville, W. B., 233.
New Lanark, 39, 48, 64.
New Model Trade Union, 344.
New Moral World, 73, 249.
New View of Society, 48.
New Zealand Farmers, 211.
News, Co-operative, 87, 107, 113, 115, 131, *et seq.*; 170, 172, 179, 328, 333.
News Service, Co-operative Union, 231, 333; I.C.A., 255.

Newcastle, 122.
Newcastle Congress, 131.
Newcastle Industrial Bank, 154.
Newport Pagnell, 42.
Norfolk, Duke of, 43.
North-Eastern Section, 231.
North of England Co-operative Wholesale Society, 116, 119, 120, 124, 128, 131.
North London Builders, 100.
North London Needle Women, 95.
North-West of England United Co-operative Company, 68, 108.
North-Western Education Association, 321, 322.
North-Western Sectional Board, 170.
Northern Section, 174.
Nuttall, Wm., 121.

Objects of Pioneers, 85.
Official Co-operative, 223.
Officials (C.W.S.), 289; (S.C.W.S.), 291, (C.U.), 301.
Oldham United Friendly Society, 44.
Orbiston Community, 52, 62.
Orchestras, 329.
Ordinary Meetings, Retail Societies, 272.
Organisation of Retail Societies, 277.
Organised Labour, 342, *et seq.*
Oriel College, 169.
Our Circle, 333.
Ourselves, 334.
Ouseburn Engine Works, 154.
Outfitting, 206.
Owen, Joseph, 173.
Owen, Robert, 39, 48, 54, 59, 73, 91, 99, 105, 128, 249, 344, 357.
Oxford Congress, 167.
Oxford University, 172.

Pare, William, 54, 65, 66, 67, 128, 130, 149.
Parliament, 196.
Parliament, Workers in, 138.
Parliamentary Committee, Joint, 161, 164, 224, 232, 233, 294, 297, *et seq.*
Partnerships, Small, 358.
Party, Co-operative, 234, 289, 298, 332, 333.
Pauper Colonies, 49.
Peace, 242, 352.
Peel, Sir Robert, 76.
Penny Post, 76.
Pensions, 193.
People's Year Book, 333.
Perth Congress, 193, 175.
Pfeiffer, Prof., 129.
Philanthropy, 350.
Pickup, A., 233.
Pioneers' Laws, 84.
Pitman, Henry, 122, 127, 129, 355.
Plato's Republic, 355.
Plunkett, Sir H., 145, 186, 187, 189.
Plymouth Congress, 171.
Plymouth Co-operative Society, 225.
Politics, 260.
Politics for the People, 92.
Poor Law, 36, 37, 49, 195.
Poor Law Guardians, 181.
Population, 39, 47, 49, 186, 203, 207.
Potter, J., 157.
Poverty, 137, 260, 335.
Press, 332 (see National Co-operative Publishing Society and Publications).
Press, International Directory, 252.
Prices, 20, 193, 208, 316.
Principles, 11-15, 45, 57-60, 89, 306, *et seq.*; 329, *et seq.*, 361.
Printing Society, Co-operative, 132.
Private Property, 338.
Problems, 261.
Producers, 144, 306.
Producers' Co-operative Societies, 18.
Production, 67, *et seq.*; 143, 148, 171, 207, 224, 265, 309, *et seq.*; 343.
Productive Federation, Co-operative, 154, 229, 235, 247, 331, 332.
Productive Review, 332.
Productive Societies, 208, 214, 309, 314.
Profit Sharing, 19, 88, 145.
Profits, 358.
Programme, Educational, 172.
Propaganda, 224, 230, 237, *et seq.*; 331.
Property, Private, 338.
Provincial Board, 131.
Public Health, 78, *et seq.*
Public Health Act, 134.
Publications Committee, 235.
Publications Department (Co-operative Union), 300.
Publications, International Co-operative Alliance, 254.

Queenwood Community, 64.

Raiffeisen, F. W., 188.
Railwaymen, 196.
Ralahine Community, 61, 63, *et seq.*
Rating and Valuation Act, 232.
Raven, C. E., 110.
Reception Committee Congress, 303.
Redfern, Percy, 105, 112, 115, 116, 118, 121.
Referendum, 288.
Reform, 198.

Reform Act, 1832, 35, 41.
Reform Acts, 133.
Registrar of Friendly Societies, 159, 290.
Registrar's Annual Returns, 276.
Rennie, 32.
Representation Committee, 229.
Representation of the People Act, 198.
Retail Societies, 140, 262, 267, *et seq.*; 273, 312, 322.
Retail Societies' Administration, 267.
Retail Societies' Education Committees, 177.
Retail Trade Post-War, 204.
Review, The Co-operative, 231, 333.
Review of International Co-operation, 255.
Reynolds's Illustrated News, 333.
Ricardo, David, 46, 50, 52, 81, 136.
Rights of Labour, 54.
Rochdale Conference, 115.
Rochdale Co-operative Manufacturing Society, 88.
Rochdale Pioneers, 11, 82, 87, 97, 116, 126, 261, 264, 317, 353, 371.
Rochdale Pioneers and Education, 165.
Rochdale Principles, 254.
Rosebery, Lord, 139.
Ross, Malcolme, 118.
Rousseau, Jean Jacques, 51.
Royal Arsenal Co-operative Society, 274.
Royal Commission on Agriculture, 186.
Royal Commission on Labour, 137.
Rules and Method of Pioneers, 87.
Ruskin College, 327.
Ruskin, John, 80, 129.
Russia, 211, 253, 306, 340.

St. Albans, 42.
St. Cuthbert's Co-operative Association, 148
Sales Policy, 279.
Salford Hatters, 95, 100.
Salkeld, J. H., 119.
Salvation Army, 137.
Scandinavian Co-operative Wholesale Society, 256.
Scholarships, 327.
Schools, 328; Summer, 172, 237; International Summer, 255.
Scottish Agricultural Co-operation, 192.
Scottish Co-operative Newspaper Society, 228.
Scottish Co-operative Wholesale Society, 122, *et seq.*; 128, 147, 154, 164, 182, 212, *et seq.*; 222, 226, *Scottish Co-operator*, 122, 123, 246, 333.
Scottish Section, 224.
Scottish Women's Guild, 182.
Scrutineers, 288.
Sectional Board Education Committees, 174.
Sectional Boards, 159, 224, 227, 235, 302, *et seq.*
Sectional Educational Associations, 174, 321.
Sections of Co-operative Union, 159.
Secretaries' Association, 222, 247, 326.
Sedgwick, A., 169.
Self-Help, 337.
Shaftesbury, Lord, 77.
Sharland, Miss, 172.
Shaw, G. B., 136.
Sheffield, 43.
Shieldhall, 148, 212.
Shipping, 197.
Shipton Moyne, 42.
Sick Benefit Societies, 67.
Slaney, Robert, 97.
Slaney's Act, 97.
Slums, 137.
Small Holdings, 186.
Smeaton, 32.
Smith, Adam, 23, 46.
Smithies, 127.
Social Changes, 22-34.
Social Conditions: 1840-1875. 75; 1870-1900, 133; 1901-1933, 193, *et seq.*
Social Democratic Federation, 135, 137.
Social Question, 335.
Social Science Association, 153.
Socialism, 74, 91, 133, 135, 195, 340.
Society for Formation of Co-operative Societies, 98.
Society of Arts, 129.
Song Books, 173.
Sonne, Pastor, 129, 250.
Southern Sectional Board, 131, 169.
South-Western Sectional Board, 174.
Special Meetings of Societies, 272.
Spence, Thomas, 50.
Standard of Living, 83, 194, 200.
State and Co-operation, 311, 362.
State and Municipal Trading, 255.
Statistical Department (Co-operative Union), 250, 301.
Statistical Record, 284.
Statistics: Co-operative Union, 163; Co-operative Wholesale Society, 143, *et seq.*, 286; Retail Societies, 140, *et seq.*, 202; Scottish Co-Coperative Wholesale Society, 290.
Status of Workers, 348.

Stockport Great Moor Co-operative Society, 72.
Stuart, James, 135, 138, 167.
Swansea Congress, 229, 301.
Swedish American Match Trust, 352.
Subjects at Holyoake House in Co-operative Classes, 238.
Subscriptions, Co-operative Union, 224, 230; International Co-operative Alliance, 254.
Subsidies, 194, 197, 339.
Suffragette, 181.
Summer Schools, 172, 237; International, 255.
Surplus, 20, 21.
Survey Committee, 226, 246, 323.
Summary of Productive Progress, since 1900, 213, 214.
Supply Society, 188.
Syllabus for Classes, 171.
Syndicalism, 195.

Talandier, Alfred, 250.
Tariffs, 200.
Taxation, 194, 260.
Taylor, J. T. & T., 156.
Tea Trade, 150, 213.
Technical Classes, 172.
Telford, 32.
Ten Hour Act, 78.
The Hague (I.C.A. Meeting), 253.
Theories (*see* Principles), 45.
Thompson, William, 45, 52, 54, 55, 59.
Thomson & Sons, 156.
Tillett, Ben., 137.
Torquay Congress, 221, 232.
Toynbee, A., 134, 138, 162, 167, 169.
Trade, 141, 256.
Trade, International Co-operative, 253.
Trade, Post-War, 204.
Trade Boards, 194, 220.
Trade Unions, 40, 67, 69, 76; 77, 137, 138, 156, 157, 195, *et seq.*; 215, 217, 219, 220, 229, 308, 312, 342, 345.
Trades and Business Conferences (Congress), 222, 247.
Trades and Business Congress, 222.
Trades Councils, 77.
Trading Associations, 66, 299.
Transport Workers, 196.
Treasury, 276.
Turkish Baths (Rochdale), 88.
Tweddell, T., 225.
Types of Societies, 20, *et seq.*; 187.

Unemployment, 35, 68, 198.
Union, Co-operative Ltd., 87, 99, 126, *et seq.*; 141, 167, *et seq.*; 187, 189, 192, 197, 203, 215, *et seq.*; 217, 224, *et seq.*; 231, 234, 237, *et seq.*; 246, 252, 255, 265, 292, 293, *et seq.*; 319, 331, 332.
United Joint Advisory Committee, 231, 345.
United Board, 131, 161, 169, 174, 175, 180, 234.
United Co-operative Baking Society, 253.
University Extension Course, 135, 167, 326.
University Extension Delegacy, 173.
Unrest, Social, 335.
Utilitarians, 23.

Valleroux, H., 129.
Value, 307.
Value, Labour Theory of, 54.
Vandeleur, John Scott, 63, 166.
Vienna Congress (I.C.A.), 255.
Vigano, 129.
Vivian, H., 156, 158.
Voluntary Nature of Co-operation, 60.
Voting, 21.

Wages, 35, 36, 64, 209, 337.
Wage Fund Theory, 47.
Walsall Locks and Cart Gear, 154.
Wanstead, 42.
War, 252.
War Consequences, 198.
War Legislation, 228.
Watt's Engine, 30.
Wealth, 337.
Wear and Tear, 281.
Webb, C., 42.
Webb, Mrs. Sidney, 42, 136, 195.
Weekly Surveys, 284.
Western Section, 174.
Wheat Pools, Canada, 256, 266, 319, 354.
Wheatsheaf, 322, 328.
Whitehead, A., 234, 267.
Wholesale Co-operation, 104, *et seq.*
Wholesales, 265, 308, 309, 317, 322, 331, 332; Continental, 256.
Wilde, Oscar, 134.
Wiltshire, H. H., 120.
Wolff, H. W., 251.
Woodcraft Folk, 325.
Woodin, Jos., 98, 111.
Woolwich Congress, 163.
Women's Guild, 165, *et seq.*; 174, 178, *et seq.*; 217, 227, 233.

Women's League for the Spread of Co-operation, 178.
Woman's Outlook, 333.
World Depression, 199.
World Economic Conference, 200.
Workers' Control, 314, 349.
W.E.A., 327.
Workers, Status of, 348.
Working Class Limiteds, 152, 154.
Working Men's Association, 90, 94, *et seq.*; 100, 110, 112, 115, 127.
Working Men's College, 102.
Working Tailors' Association, 93.
Workmen's Compensation Act, 134.
Wyndham Act, 186.

Year Book, Co-operators', 332.
Yeast, 91.
York Congress, 233, 234.
Yorkshire Council for Future Education, 327.
Youth, Co-operative, 333.



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